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100th Congress, 1st Session

H. Rept. No. 100-433 S. Rept. No. 100-216

Report of the Congressional Committees Investigating the

Iran-Contra Affair

Appendix B: Volume 18

Depositions

Lee H. Hamilton, *Chairman*,
House Select Committee
Daniel K. Inouye, *Chairman*,
Senate Select Committee

U.S. House of Representatives
Select Committee to Investigate
Covert Arms Transactions with Iran

U.S. Senate Select Committee
On Secret Military Assistance to Iran
And the Nicaraguan Opposition

November 13, 1987.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed.
November 17, 1987.—Ordered to be printed.

Washington : 1988

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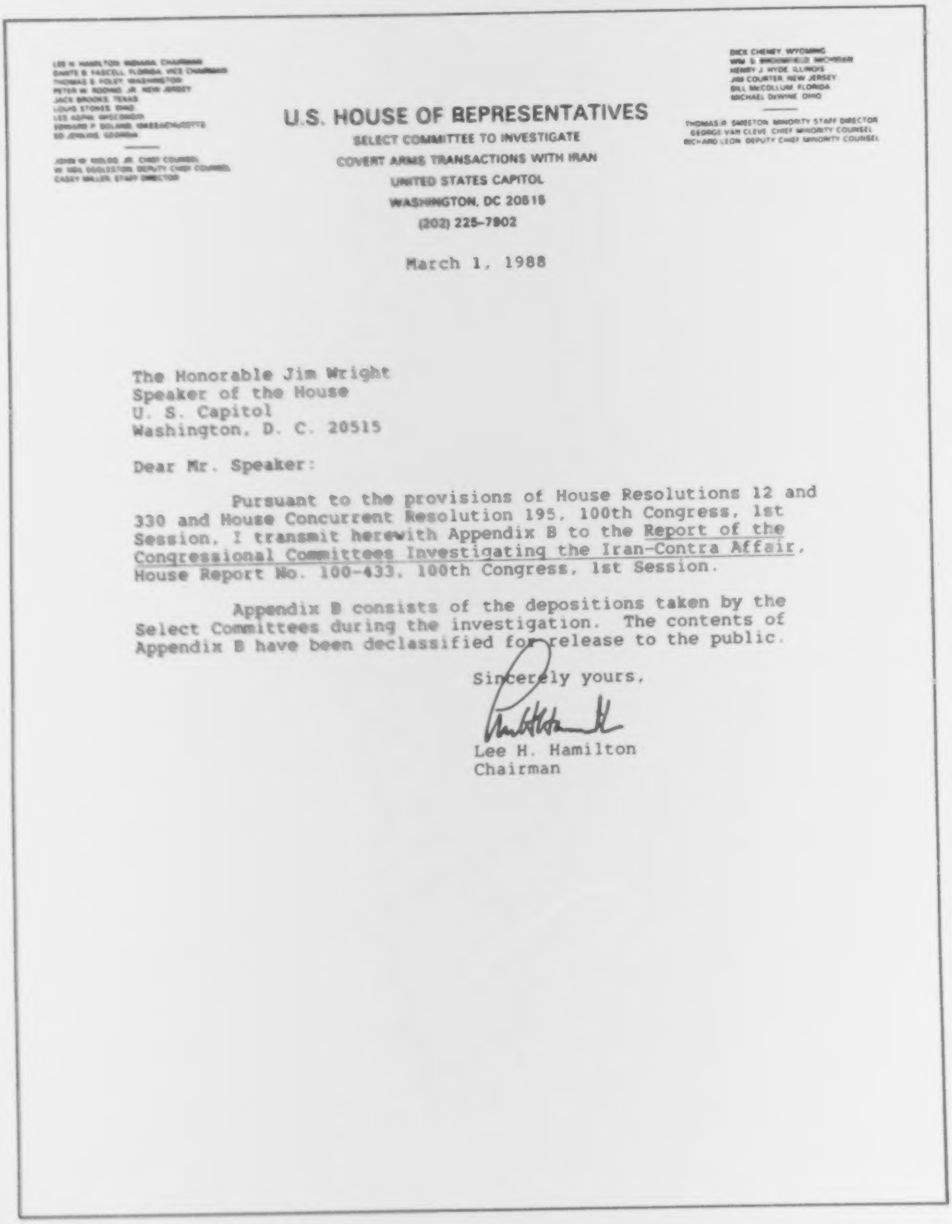

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March 1, 1988

The Honorable Jim Wright
Speaker of the House
U. S. Capitol
Washington, D. C. 20515

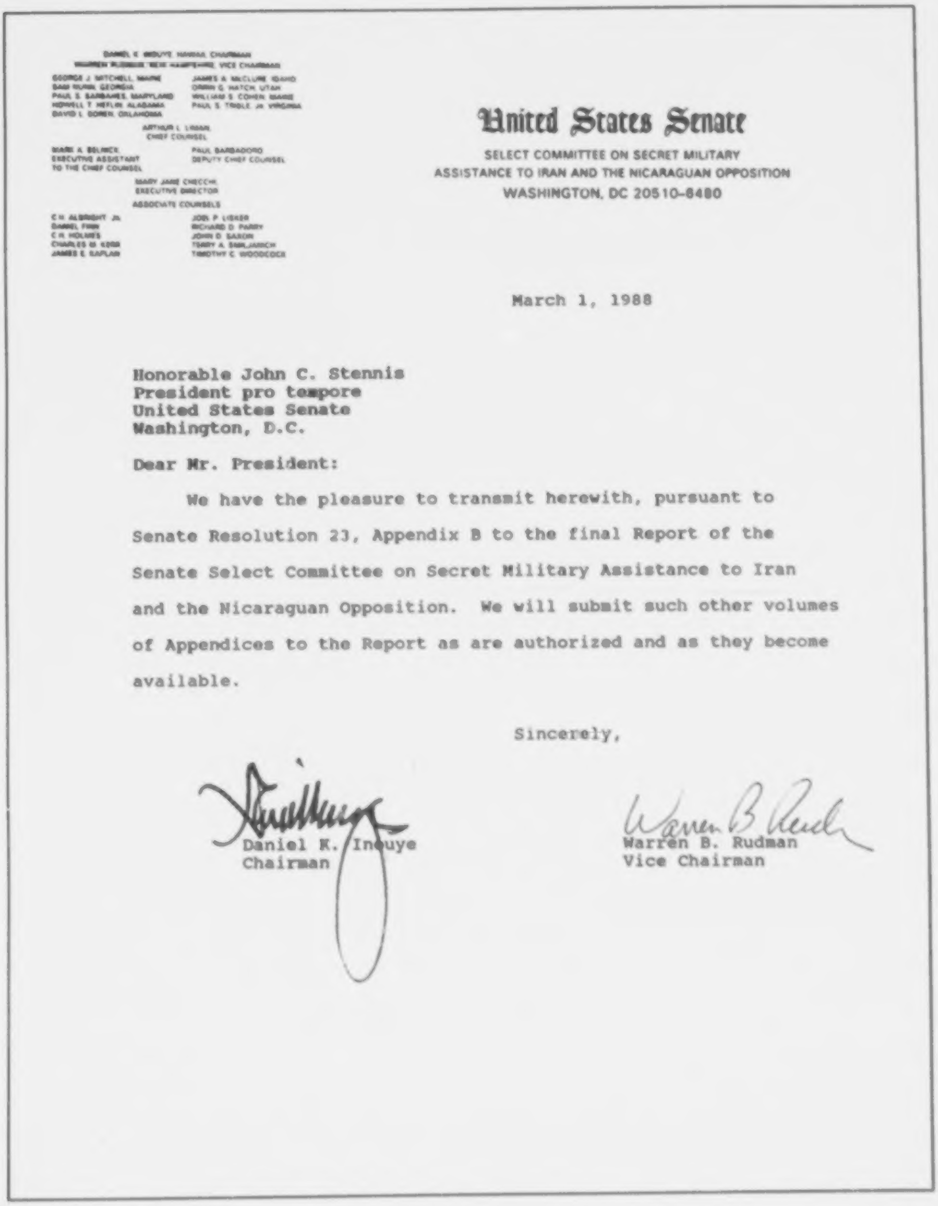
Dear Mr. Speaker:

Pursuant to the provisions of House Resolutions 12 and 330 and House Concurrent Resolution 195, 100th Congress, 1st Session, I transmit herewith Appendix B to the Report of the Congressional Committees Investigating the Iran-Contra Affair, House Report No. 100-433, 100th Congress, 1st Session.

Appendix B consists of the depositions taken by the Select Committees during the investigation. The contents of Appendix B have been declassified for release to the public.

Sincerely yours,

Lee H. Hamilton
Chairman



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United States Senate
SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
WASHINGTON, DC 20510-6480

March 1, 1988

Honorable John C. Stennis
President pro tempore
United States Senate
Washington, D.C.

Dear Mr. President:

We have the pleasure to transmit herewith, pursuant to Senate Resolution 23, Appendix B to the final Report of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. We will submit such other volumes of Appendices to the Report as are authorized and as they become available.

Sincerely,

Daniel K. Inouye
Chairman

Warren B. Rudman
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Preface

The House Select Committee to Investigate Covert Arms Transactions with Iran and the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, under authority contained in the resolutions establishing them (H. Res. 12 and S. Res. 23, respectively), deposed approximately 290 individuals over the course of their 10-month joint investigation.

The use of depositions enabled the Select Committees to take sworn responses to specific interrogatories, and thereby to obtain information under oath for the written record and develop lines of inquiry for the public hearings.

Select Committees Members and staff counsel, including House minority counsel, determined who would be deposed, then sought subpoenas from the Chairmen of the Select Committees, when appropriate, to compel the individuals to appear in nonpublic sessions for questioning under oath. Many deponents received separate subpoenas ordering them to produce certain written documents.

Members and staff traveled throughout the United States and abroad to meet with deponents. All depositions were stenographically reported or tape-recorded and later transcribed and duly authenticated. Deponents had the right to review their statements after transcription and to suggest factual and technical corrections to the Select Committees.

At the depositions, deponents could assert their fifth amendment privilege to avoid self-incrimination by refusing to answer specific questions. They were also entitled to legal representation. Most Federal Government deponents were represented by lawyers from their agency; the majority of private individuals retained their own counsel.

The Select Committees, after obtaining the requisite court orders, granted limited or "use" immunity to about 20 deponents. Such immunity means that, while a deposed individual could no longer invoke the fifth amendment to avoid answering a question, his or her compelled responses—or leads or collateral evidence based on those responses—could not be used in any subsequent criminal prosecution of that individual, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the court order.

An executive branch Declassification Committee, located in the White House, assisted the Committee by reviewing each page of deposition transcript and some exhibits and identifying classified matter relating to national security. Some depositions were not reviewed or could not be declassified for security reasons.

In addition, members of the House Select Committee staff corrected obvious typographical errors by hand and deleted personal and proprietary information not considered germane to the investigation.

In these *Depositions* volumes, some of the deposition transcripts are followed by exhibits. The exhibits—documentary evidence—were developed by Select Committees' staff in the course of the Select Committees' investigation or were provided by the deponent in response to a subpoena. In some cases, where the number of exhibits was very large, the House Select Committee staff chose for inclusion in the *Depositions* volumes selected documents. All of the original exhibits are stored with the rest of the Select Committees' documents with the National Archives and Records Administration and are available for public inspection subject to the respective rules of the House and Senate.

The 27 volumes of the *Depositions* appendix, totalling more than 30,000 pages, consist of photocopies of declassified, hand-corrected typewritten transcripts and declassified exhibits. Deponents appear in alphabetical order.

Publications of the House and Senate Select Committees

Report of the Congressional Committees Investigating the Iran-Contra Affair, 1 volume, 1987.

Appendix A: *Source Documents,* 2 volumes, 1988.
Appendix B: *Depositions,* 27 volumes, 1988.
Appendix C: *Chronology of Events,* 1 volume, 1988.

All publications of the Select Committees are available from the U.S. Government Printing Office.

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ORIGINAL

EPOSITION OF EDWIN MEESE, III

ednesday, July 8, 1987

.S. House of Representatives,
elect Committee to Investigate Covert
Arms Transactions with Iran,
ashington, D.C.

Committee Hearings
of the
U.S. HOUSE OF REPRESENTATIVES

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DEPOSITION OF EDWIN MEESE, III

Wednesday, July 8, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

The Committee met, pursuant to call, at 9:35 a.m., in Room 5111, Department of Justice, with Pamela J. Naughton (Staff Counsel of House Select Committee) presiding.

O 'lf of the House Select Committee: Pamela J. Naughton, . ' J. Leon, and Robert W. Genzman.

On behalf ʟ Senate Select Committee: Thomas C. Polgar and W. Thomas McGough.

On behalf of the Witness: John R. Bolton and Steve A. Matthews, Department of Justice.

UNCLASSIFIED

MS. NAUGHTON: Can we go on the record, please?

We are on the record. My name is Pamela J. Naughton, Staff Counsel to the House Select Committee to Investigate Covert Arms Transactions with Iran.

I would ask the people to introduce themselves.

MR. LEON: Richard J. Leon, Deputy Chief Minority Counsel for the House Iran Committee.

MR. GENZMAN: Robert W. Genzman, Associate Minority Counsel for the House Committee.

MR. POLGAR: Thomas C. Polgar with Senator Rudman's office.

MR. McGOUGH: W. Thomas McGough, Jr., Associate General Counsel to the Senate Select Committee.

MR. MATTHEWS: Steve A. Matthews, Deputy Assistant Attorney General.

MR. BOLTON: John Bolton, Assistant Attorney General for Legislative Affairs.

ATTORNEY GENERAL MEESE: Edwin Meese, III, deponent.

MS. NAUGHTON: General Meese, are you represented by counsel today in your personal capacity?

ATTORNEY GENERAL MEESE: Yes. I asked Mr. Bolton and Mr. Matthews to be here as my representatives.

MS. NAUGHTON: Do you waive any conflicts they might have either as witnesses or as representatives of the Departmen of Justice?

ATTORNEY GENERAL MEESE: Yes.

MS. NAUGHTON: Do you waive attorney-client privilege in terms of what they might or -- or do you want this deposition to be confidential in terms of attorney-client privilege?

MR. BOLTON: What do you mean by that exactly?

MS. NAUGHTON: What I mean is --

ATTORNEY GENERAL MEESE: A deposition by its nature is not confidential. I don't think there is any basis to waive attorney-client privilege. That would only be waived as to matters that are extraneous to the deposition.

MS. NAUGHTON: All right. Fine.

Finally, I don't know if it has been explained to you, but in terms of the deposition itself, you will be given a chance to review the deposition.

ATTORNEY GENERAL MEESE: Right.

MS. NAUGHTON: The committee will provide you a copy. However, that cannot be copied or disseminated to anyone else. It must be returned to the committee after your public testimony.

Do you have any questions on the procedure?

ATTORNEY GENERAL MEESE: No. It is agreeable.

Whereupon,

EDWIN MEESE, III

having been called as a witness herein, was duly sworn, and was examined and testified as follows:

MR. BOLTON: I want to put on the record we went on the record about 9:40 by my watch.

EXAMINATION ON BEHALF OF HOUSE SELECT COMMITTEE

BY MS. NAUGHTON:

Q When did you become Attorney General?

A On the 25th of February, 1985.

Q And prior to that, your position?

A I was the Counsellor to the President.

Q From what years?

A I was Counsellor to the President from, I believe, the 21st -- either the 20th or 21st of January, 1981.

Q General Meese, can you tell us your prosecution experience in Alameda County?

A Yes. I was in the District Attorney's Office, Alameda County, from October 1958 through the middle of January of 1967. During that time, I was a law clerk until I passed the bar. From about the 7th of January or thereabouts in 1959, I was a Deputy District Attorney.

Q Did you specialize in any particular type of case?

A I handled all types of criminal offenses under California law. I was the principal Deputy District Attorney handling the special investigations and grand jury cases for a portion of that time, three or four years. I also was a legislative representative before the California Legislature on -- representing the District Attorneys and Peace Officers of California, specializing in all aspects of criminal law, criminal procedure.

Q Other than assuming your post as Attorney General, have you had any Federal criminal law enforcement experience?

A Not as a Federal officer, no. I have had other criminal experience. I was the Vice-Chairman of the Organized Crime Control Commission in California from about 1977 or 1978, I think 1977, through 1979 or 1980, during the pendency of that Commission. And, of course, I have had other experience as a professor of law and director of a criminal justice center.

Q While you were at the White House as Counsellor to the President, did you have any interaction with Oliver North?

A Yes, in the sense that I saw him on occasion in the White House and in the Executive Office Building and in the White House complex generally.

I would see him from time to time, pass him on the street. I believe sat in on some meetings where he may have been present and probably had some conversations with him at other times, either in my office or otherwise. I have no specific recollection of a particular conversation, but I did see him from time to time as I saw other members of the National Security staff.

Q Do you know on what areas you may have interacted with him?

A I don't have any specific recollections now. He was doing a number of things in what is generally called military political operations, I think was the part of the National Security Council staff he was involved in.

Q But do you recall what his accounts were?

A I don't remember particularly. I think he was involved in Central America while I was there and -- but in a whole variety of things, I think he also represented them in other matters, perhaps continuity of Government matters. Generally, they were things that had to do with the relationship between military activities and national security affairs.

Q Were you ever present with Mr. North at any meetings with the President?

A I cannot recall a specific meeting where he was present with the President, but it is entirely possible that there may have been some times when he was there as a staffer.

In National Security Council meetings and National Security Planning Group meetings, there were often members of the NSC staff seated around the edges of the room and I can't recall specifically whether Oliver North was one of those; but my general recollection is that he may have been present on one or more meetings.

Q During your time at the White House, what, if any, opinion did you have about Oliver North?

A Well, I would say that my opinion was that he was a hard working, dedicated Marine Corps officer.

Q Did you ever know him to disobey orders or go beyond orders or do anything that wasn't --

A Not to my knowledge.

Q Did you ever discuss Colonel North with the President prior to, let's say, November of 1986?

A Not that I can recall. I don't have any recollection of discussing him with the President, no.

Q So you don't know what opinion the President may have held about Oliver North prior to November of 1986; is that correct?

A I don't have -- I don't recall that I ever heard anything or had any discussions that would lead me to have an opinion, no.

Q I want to ask you a couple of questions about the records that you provided. We had, you know, phone logs, calendars and so forth. And I assume these were kept contemporaneously?

A Yes, to the best of my knowledge.

UNCLASSIFIED SECRET

Q But would they be complete?

In other words, would every call in your office or sent from your office be on the telephone log?

A Not necessarily. I think we tried to keep them as much as possible, and I believe they are relatively complete. My secretary tried to record most calls, either that came in through the normal system, through the front office here, or that came directly to her; but it is possible that there may have been calls for one reason or the other that may not have been included there.

For the most part, we tried to keep it complete.

Q Does she place all of your calls?

A Yes. Normally she would place all of my calls. There may be an occasion that I would place a call myself if she wasn't at the desk or -- or if I, for example, was calling my wife or something.

It is possible, but I didn't do that very frequently. Most of the time she would place all of my calls.

Q Of the calendars that we received, we received some typewritten ones.

A Yes.

Q Do you in addition to that keep your own personal handwritten calendar?

A No, not really. I occasionally keep notes on what I am doing, but not systematically. Certainly I don't keep notes on a detailed, hour-by-hour basis personally. I do keep generally where I am on a given day.

Q . I guess my inquiry is more like those calendar books on a desk that some people keep. Do you have --

A I have one of those books, but I don't use that to record hour-by-hour activities.

Q Going to those records, if you can recall -- and I have copies -- on June 19, 1985, there was a call from Judge Webster on the secure line that says "hot line" on your notes, and then from Oliver North on a secure line, and then the White House Operations -- the message reads, "For R.R.--" -- whom I assume is Ronald Reagan -- " -- and reach Stan Marcus", who at the time may have been the U.S. Attorney in Florida.

If you need to refresh your recollection -- I wasn't planning on putting it in as an exhibit.

A These would be phone calls on the 19th of June. What year is this?

Q 1985.

A 1985?

Q Do you recall what that was about?

A No.

Oh. The only thing I can think of is here where it says "White House operator for R.R. trying to reach Stan Marcus, gave Florida number, referred to signal".

I think that what that means probably is that the President was trying to reach Stan Marcus. It may have been that the President was trying to reach Stan Marcus to tell him he wanted to appoint him a judge.

Mr. Marcus, who was then the U.S. Attorney, became a judge. And I would assume that I may have been in Florida that day. I am not sure, because it says Judge Webster on the hot line gave the Florida number.

This is in the handwriting of the lady who was then my secretary, Marilee Melvin, I think. "Oliver North on secure line gave Florida number."

I don't know if either of them reached me if I was in Florida.

Q Okay. On October 2nd, 1985, there is a similar message, "received call from R.R. --" -- it looks to be at 11:10. Later on at 10:30, "received call from Mike Ledeen."

I ask you if you could refresh your recollection with that and tell us if you can recall what happened on October 2nd, 1985?

A I cannot -- this does not refresh my recollection about anything that I remember. I can probably give you a speculation. It says, "received call from R.R. at 11:10, incomplete."

It says, "called Kulia and Seibert with the message." Dick Kulia was my security officer on that day.

Sargeant Seibert is my driver. It says, "told White House operator E.M. would call in five minutes. E.M. called back from the Departmental Auditorium."

I believe on the 2nd of October, 1985, I was probably at the Departmental Auditorium in connection with the Interpol conference.

That is my guess. That was in October 1985. That is the only time I remember going to the Departmental Auditorium around then.

Then it says, "10:30, received a call from Mike Ledeen, also incomplete."

Apparently, it was regarding -- it says something, it looks like "Heritol" or something. I am not sure.

I am not sure what the rest is. "Counterterrorism." And then it gives a number or a White House number which appears to be an executive -- or a Signal Corps switchboard number. I don't know what it was. I have a vague recollection that about that time I think maybe Mike Ledeen brought someone in from Israel because it says -- this looks like it may be Israeli -- yes. Israeli. Something "Israeli re counterterrorism." I have a vague recollection there was a fellow from Israel who visited me who was a counterterrorism specialist.

It may have something to do with that.

Q Your calendar reflects several visits with

Mr. Ledeen in the time period of 1985 and 1986. Can you tell us what you discussed with him?

A I don't think "several visits". It may be a few visits. I don't remember very many. I don't know how many there have been.

I can remember him coming in once or twice on counterterrorism matters, discussing them with me, and there was one other matter, one other time when he came in that I remember in which he -- it was right around the time that the public information had come to light about the Iranian initiative and on that occasion he told me, I think, that that it was still possible to pursue the Iranian initiative and that was kind of in passing, and then we talked about a couple of other items, one of which I think was counterterrorism. He was always interested in doing things on counterterrorism. I think we have a notebook entry to that effect as to what we talked about and the date.

Mr. Matthews is getting it for me now. I can tell you specifically what it was.

Q Was this after the story broke?

A Yes, I believe it was.

Q The date was November 14, if that would refresh your recollection.

A Okay.

Q Prior to that meeting with Mr. Ledeen, did you know

Mr. Ledeen was involved in the Iranian initiative?

A I don't know whether I did or not. I don't know whether I did or not know that prior to that time. I don't remember whether it was discussed at all in January of 1986 at the meetings that I attended. It is possible that I knew about it, although I don't have a recollection that I did.

Yes, I have the notation that he talked about Iran. Then I think there were two other matters that he talked with me about, but I don't remember what they were.

Q When he talked to you about Iran, on the 14th, do you recall being surprised that he was involved in it?

In other words, were you hearing that for the first time or had you been aware that he was involved in the Iran initiative?

A I don't know whether I had know of that at all. As I say, I can't remember whether he was mentioned in January of 1986 which was the period of time at which I was told about the Iranian initiative, and here he says -- I had made the note, "Mike claims to have worked with McFarlane in 1985."

It may be that I was hearing it for the first time. He said, "Can still work with the original Iranian group with which he initiated original contacts, Ghorbanifar, et al." Then it says "channel one".

He may have been telling me that for the first time. I just can't remember whether I knew that or not. I did know he was a consultant to the NSC.

Q In August and September of 1985, and again in November of 1985, the Israelis shipped first TOW missiles and then Hawk missiles to Iran. During that period of time, that is, any time in 1985, were you aware of those shipments?

A I have no recollection of being aware of it, no.

Q When is the first time you learned of those 1985 shipments?

A To the best of my recollection, the first time I heard of any shipments in 1985 was after this became public generally in November of 1986.

Q Do you recall from whom you heard about those shipments?

A I think the first knowledge I have -- and I don't have a distinct recollection of this, but it is my understanding the first knowledge I had was from Charles Cooper in the Office of Legal Counsel who had been looking into the legal aspects of this matter after the story broke in early November 1986.

Q Do you know from whom Mr. Cooper heard about the shipments?

A I didn't know at that time and I have since learned that he apparently learned about them from Mr. Thompson of the NSC staff and perhaps others on the NSC staff. I don't know specifically whom.

Q Mr. Cooper testified publicly that he first learned of the 1985 shipments when he received a chronology on November 17 from the NSC.

Would that comport with your recollection?

A Well, I don't know. I don't think -- I have no recollection of seeing the chronology myself, but that is certainly consistent with him then telling me at some time about that time that there had been arms shipments in 1985. I don't think we had time to go into many details. The first time that I recall receiving any detailed information about it was on the 20th of November in Mr. Poindexter's office.

Q When do you recall first examining or first seeing any chronology?

A The first I recall seeing a chronology was in Mr. Poindexter's office on the afternoon of the 20th of November.

Q The committee has heard testimony from Stanley Sporkin and others that a finding was drafted regarding the Hawk shipment in November of 1985.

A Yes.

Q Had you been aware of that finding at the time, let's say, in November or December of 1985?

A I don't recall ever having any information or learning of that finding at that time, no.

Q So Judge Sporkin never discussed this finding with you?

A Not that I recall.

Q General Meese, do you, as a routine, normally see every finding that is drafted?

A We have tried to track that down because I wouldn't know about a finding unless it was, in fact, presented to me. And we have received findings over the last two or two-and-a-half years maybe on [redacted] occasions, and so I don't know whether I have received all findings or not It is not necessarily something that comes to us on all occasions.

That is really at the decision of the NSC staff as to whether findings are presented here for review.

Q Are there any findings that you reviewed that did not go through Mary Lawton's office?

In other words, through the regular procedures at the Department of Justice?

A One finding was the finding that was prepared for the President during early January of 1986, and so far as I know, I was the only one in the Justice Department who was involved in the review of that finding.

Q Was that the January 17 finding?

A I believe it was ultimately signed on the 17th of January, yes.

Q And --

A Now, there was also conversation about a matter that probably would have involved a finding, I understand. I don't have a specific recollection, but Mr. North -- Colonel North did discuss with Mr. Jensen, then my Deputy, and myself, I am advised by my notes and by others, on or about the 6th of January, there was a discussion about the Iranian initiative, about an Iranian initiative.

I don't know whether that involved a finding being presented to us at that time or whether it was merely a memorandum, but there was a document that was presented to us at that time.

Q When was that?

A That was the 6th of January. I do not have a specific recollection of that, but I have been informed by others that that, in fact -- by Mr. Jensen that that took place.

Q Have you spoken -- has anyone else refreshed your recollection on the January 6th incident other than Mr. Jensen?

A Yes. My staff has shown me an entry in the calendar for that day here in the office that there was a meeting with Mr. North at 3:45, I believe it was, of that day.

Q If we can take it back, I want to get into that, but we sort of skipped some ground here.

Of the November 1985 finding, do you recall when you first learned of it?

A The first I learned of a 1985 finding was either on or after the 20th of November, 1986. It is possible it may have been discussed -- although I don't have a specific recollection, in my presence on the 20th, in the afternoon, at Mr. Poindexter's office.

I am sure it was discussed with me in a meeting that I had with Mr. Sporkin on Saturday, the 22nd of November, 1986.

Q Now, earlier, I asked you if there were any findings that you had seen that had not gone through the regular Department of Justice procedures. You mentioned the January 17 finding.

Were there any others?

Have there been any others?

A Well, the one in November of -- the finding you referred to that had been apparently prepared in November of 1985 by Mr. Sporkin, which I later learned about, to the best of my knowledge, that did not go through the Department of Justice and I don't even know whether that was ever presented to the President.

As far as other findings during the time that I have been Attorney General, there may have been other findings presented to the President which did not go through the Department of Justice.

I don't know specifically of anywhere that occurred, but it is entirely possible.

Q All right. So aside from the Iran initiative findings, then your testimony is that you have not seen any findings that did not go through regular Department of Justice procedures?

A Not that I can recall.

Q Did you ever ask the President at any time whether or not he signed the November 1985 finding?

A No. I have not asked him.

Q Do you know whether he did?

A I do not know.

Q Prior then to January 6 of 1986, were you aware at all of the Iranian initiative?

In other words, that negotiations had commenced with elements of the Iranian Government and that we were contemplating missile shipments or had discussed weapons shipments of any type?

A Not to the best of my recollection.

Q Now, you say you first became aware then on January 6th of 1986?

A I don't have a distinct recollection of becoming aware on that day, but I believe that I did. I have a distinct recollection of becoming aware on the 7th of January.

Q Can you tell us what you know or can recollect about the 6th?

A Well, on the 6th, I know from records that I had a meeting with Colonel North, that is reflected on my calendar that a meeting was set up. I know from talking with Mr. Jensen, my Deputy, that he and I attended a meeting with Colonel North in which Colonel North had some sort of a document which described in general terms the Iranian initiative,that we reviewed that.

This is -- I learned this from Mr. Jensen. I don't have a specific recollection of it and that is about all I know.

Q Did Judge Jensen discuss this with you after we interviewed him in San Francisco?

A Yes. I called him to refresh my own recollection of that and I have talked with him about it, yes. That is -- what I have related to you is what he has told me. As I say, I have no specific recollection myself.

Q Now, when Oliver North came on the 6th and presented this piece of paper -- and you were not -- correct me if I am incorrect, I gather you are not sure if it was a finding or simply a memorandum.

A That is right.

Q But did it describe the Iran initiative? That is, the various goals of the initiative, including weapons, possible weapons transfers?

A I don't recall because I don't recall anything specifically about the document.

Q I guess what I am curious about is if this is the first you learned of it, wouldn't it have caught your attention that we were dealing with Iran and wouldn't it have, you know, sparked some questions?

A I think probably the reason I can't recall more specifically is that whatever I may have learned on that day was eclipsed with the more complete knowledge I gained the following day, the 7th, which is much more distinct in my memory where we went through this for a period of almost an hour in the President's office.

Q Well, in the 6th, did you have any knowledge that Oliver North was going to come to your office?

A Well, yes. He had called, I think, to arrange a meeting at 3:45.

Q Did you know what that was to be about?

A I don't know. I have no recollection that I knew until he arrived.

Q Do you recall any conversations with Colonel North when he was there in your office on the 6th?

A No. I don't have any recollection of the conversation.

Q Do you have any recollection of the conversation with Judge Jensen after Colonel North left?

A I don't have any recollection at this point, no.

Q When Colonel North showed you the document, was it signed by anyone?

A I can't recall the document, so I couldn't tell you whether it was signed by anyone or not.

Q I have here a document marked N-1323, which is our document number. It is a -- I believe a six-page document.

May I have just a moment?

I am going to see if this refreshes your recollection, General Meese.

MR. LEON: General, it is a memorandum with a proposed finding at the end that is dated January 6 and is signed by the President. The memorandum is undated, as you probably can see.

THE WITNESS: This does not refresh my recollection at all. I just -- this doesn't refresh my recollection at all on that.

And I have no recollection at all of this specific document.

MR. LEON: If I could, General, on the last page of the finding, I believe -- if you would take a look at that, on that copy, there is some handwriting in the text of it. Does that handwriting look familiar to you in any way?

THE WITNESS: No. I don't know whose handwriting that is.

MR. LEON: It is not yours; is it, General?

THE WITNESS: It is not mine. I can assure you of that. That is the only thing I can be sure of.

BY MS. NAUGHTON:

Q Showing you document N-1248, and specifically referring to N-1249, it is dated January 4, 1986. Does that refresh your recollection?

A No. This does not refresh my recollection.

Q Turning then to the January 7th meeting, do you recall was this a meeting specifically designed to discuss this issue or was it an ad hoc situation?

A It appeared to me to be an ad hoc meeting. There was a NSC meeting of some sort that I believe was held in the Situation Room, but I am not absolutely positive, and after that meeting, I was asked to join others in the Oval Office with the President at which time the Iranian initiative was discussed.

The others present, to the best of my recollection, included the President, the Vice President, George Shultz, John Poindexter, Bill Casey, Don Regan, Cap Weinberger, and myself.

It is possible that there may have been one other person there, an assistant of John Poindexter's, but I can't recall for sure.

Q Did you take notes of this meeting?

A No, I don't believe that I did.

Q Did anyone there that you notice take notes?

A Not that I remember.

Q And can you recall who sort of did most of the talking at the meeting and explaining what was going on?

A Yes. Let me just --

MR. MATTHEWS: Tab 2.

THE WITNESS: Tab 2. Here we are.

I am just refreshing my recollection here.

My recollection is that the persons that did most of the talking were John Poindexter and Bill Casey. I believe that John Poindexter raised it but Bill Casey also talked about it.

BY MS. NAUGHTON:

Q General Meese, you are refreshing your recollection with what document?

A I am refreshing this from a synopsis of my testimony before the Senate Select Committee on Intelligence and the House of Representative's Select Committee on Intelligence.

Q This was prepared by your staff?

A Right.

Q What did Admiral Poindexter say at the meeting that you can recall?

A My recollection was that he outlined a variety of goals. One was to establish contact with a more -- a moderate, a more moderate element within the Iranian Government, to be able to influence events at a time when the Khomeini was no longer in control of that government, to bring an end to the Iranian -- to the Iran-Iraq war, to lessen the participation of Iran in state-sponsored terrorism, and to obtain our hostages, to seek the help of these moderate elements in obtaining the release of our hostages being held in Lebanon.

This was also set in the background of the danger to the Middle East from the Soviet Union operating through or perhaps actually utilizing in some way Iran.

Q Was it discussed that weapons were shipped to Iran by Israel?

A Yes. To the best of my recollection, it is that the moderate Iranian elements wanted a show of good faith by the United States and that this could be represented by our providing a small quantity of weapons that could be used by the Iranian military and that they, in turn, would show their good faith by trying to use their efforts to help obtain the release of our hostages.

Q What were your thoughts when you were hearing that perhaps weapons would be shipped to Iran for this purpose?

A Well, I think my thoughts and the general discussion was that this was a high-risk type of thing, but that the quantity of weapons would be relatively small and this was necessary in order to achieve the objectives of this particular initiative.

Q At this meeting, did anyone raise the issue of the Arms Export Control Act?

A I am not sure. I don't have a specific recollection, but it is entirely possible and I believe, but I am not absolutely positive, I believe that this was discussed in the context of a prior opinion that had been rendered by my predecessor, William French Smith, indicating that it was possible for the President to transfer arms under the National Security Act, rather than the Arms Export Control Act, and I am almost positive that there was reference to that memorandum and to this being an appropriate way of transferring arms for the President.

Q Did Director Casey make that comment?

A I think it was Director Casey that talked -- that discussed that, yes. And I had a recollection of the -- Bill Smith opinion, because I had been on the National Security Council when that opinion had been rendered in 1981 or 1982.

Q By the way, the National Secuirty Council subgroup that -- the NSPG on which you sit, do they review all findings?

A I don't believe so, no. I think some findings are reviewed there, but I don't believe all of them.

Q Again, is that up to the NSC as to whether --

A I think it is the NSC staff and perhaps the Director of Central Intelligence as to what findings go through that -- the NSC or the NSPG.

Q Now, did Secretary Weinberger express any hesitancy or question about the legal issues involved in arms transfers?

A I don't recall -- I don't recall specifically Mr. Weinberger raising issues about the legal aspects of it, although it is possible that he did, and that may have been what triggered Director Casey's mention of the National Security Act as being the vehicle.

Q Now, did anyone at that meeting mention the prior 1985 shipments by Israel to Iran?

A Not to my recollection, no.

Q Did Director Casey mention that the CIA had been involved with the transportation of the weapons in November of 1985?

A Not that I recall.

Q When is the first that you learned of that?

A The first I learned of that, the CIA being involved in any transportation of weapons, to the best of my recollection, is in the meeting in John Poindexter's office on the 20th of November, 1986.

Q When you learned of that, did you discuss that with Director Casey?

A Well, at that time I didn't discuss it in a separate discussion with him. Various people were contributing to a chronology what they remembered of having taken place at that time.

Q But at some point -- I am not so concerned with the time, but at some point did you ask Director Casey about that involvement and if there was a finding and if he had done it legally and properly?

A At some point, I learned -- whether it was from Mr. Casey or Mr. Sporkin. My recollection now is that the discussion generally went -- and I don't know whether Bill Casey was present, but it had to do, I think, with Bill Casey not being in the country at the time this all took place in November of 1985, and that tha CIA -- CIA's -- the initial information I received was that the CIA's only participation was to ask for a -- one of their proprietary airlines to transport a cargo for Israel to Iran. And then there was subsequent information about how much was known by the pilots involved and by CIA people as to what the actual contents of the cargo were.

The initial information we got was that it was oil drilling parts. We later learned that it was -- or it was indicated that they were Hawk missiles or Hawk missile parts and then more information was released and there was a considerable questioning as to what CIA people knew at what time.

Q Well, did you at any time ask Director Casey if, indeed, he knew in November of 1985, let's say from the 22nd through the 25th, that he knew that there were Hawk missiles aboard the aircraft?

A I don't remember ever asking Director Casey that, no.

Q Do you recall him ever telling you that?

A I don't recall him ever telling me that, no. My impression is that he did not know at the time and that he was away, but I am not absolutely positive of that.

Q Do you know whether or not the President knew at any time from November 18 through the 25th that there were Hawk missiles being sent to Iran?

A I do not know.

Q Have you ever asked him?

A I don't believe I have discussed that specifically with the President. At least I don't recall discussing it with the President.

Q Did anyone tell you that they had told the President that?

A Not that I can recall, no.

Q Now, was there a discussion on January 7th regarding the preparation of a finding for this initiative?

A I believe there was a discussion about the preparation of a finding, yes, and that a finding was necessary and that a finding would be prepared.

Q But was there a discussion of a document you had seen the day before from Colonel North?

A I am not sure that the document the day before was a finding, and I don't believe I saw any specific document myself on the 7th.

Q Well, I guess --

A I don't recall seeing it.

Q On the 7th, was a discussion about a finding, a prospective one, that is, a finding should be drafted or that one had been drafted and was simply awaiting signature or something?

A Well, there was a discussion about a finding, and I remember that the following week, I participated in the specific drafting of a finding. Or at least in the specific review of a finding that had been drafted actually by, I think, Stanley Sporkin.

Q Did Stanley Sporkin mention to you that one had been drafted before, either in November of 1985 or in -- on January 6th, on or about January 6th?

A Not that I recall, until I discussed this with him in November of 1986.

Q The draft from which you were working then, I gather from the period of maybe January 14th through the 17th with Judge Sporkin, were there many changes made in the draft he presented to you?

A No. I read the draft, to the best of my recollection. I don't know that there were any changes made and most of our attention was really drawn to reading and reviewing the National Security Act in relation to that finding and more specifically to the aspect of the notification of Congress and there was a provision in the draft finding that we looked at that said that Congress would not be notified under 501, I believe, is the section of the National Security Act, until ordered by the President.

Q I want to get back to that, but by this time had Secretary Weinberger checked his legal people on the issue of the Arms Export Control Act? Was there some discussion of that?

A I believe that he had, because I believe -- I think that I recall Secretary Weinberger being present at John Poindexter's office at some point where this was discussed.

Q And what did he say?

A And I don't have a distinct or specific recollection of the discussion, but my general recollection is that he was satisfied that it could be done legally through the National Security Act.

Q Had he seen the Smith opinion?

A I don't know whether he had seen it or not, but

I believe he knew of it and I believe actually he was in the National Security Council meeting when Bill Smith had discussed this opinion some years before.

Q General Meese, had you been aware of the 1985 shipments -- in other words, had someone at the January 7th meeting or subsequent meetings told you about them, and then discussed with you the issue of retroactivity or that there had been prior activity by the CIA, what would your advice have been?

A Well, I don't know. That is a hypothetical question.

Q Let me ask it this way then. What is your opinion of the viability of retroactivity, that is, a finding making prior covert activities retroactive?

A Well, I would say that a finding after the fact of something having been done by the President would be of questionable legality and would certainly raise questions. You would have to look at all the facts of a particular situation, but it would certainly raise questions as to the legality because the law says that something can be done by an intelligence agency -- and we are assuming now this was an intelligence agency that is involved -- something can be done if the President makes a finding that it is in the interests of national security.

I believe that is the way the law reads. So that such a finding, it seems to me, would be a condition precedent to the activity going forward. Now, that is a very general statement of the law.

Obviously that would be -- could be modified by a particular set of circumstances.

Q Did you ever discuss that question of retroactivity with Judge Sporkin, either at the time or subsequently?

A Not in detail or as to legality. We discussed it only in terms of Judge Sporkin telling me in the meeting that I had with him on the 23rd or 22nd -- the 22nd of November that he had prepared a finding in November in which he had written it in a way that it would cover any activities of the CIA that might have taken place during the period immediately preceeding that.

Q You mentioned intelligence activity by an intelligence agency, regarding the National Security Act and Hughes-Ryan. Is it your opinion then that the NSC is or is not an intelligence agency?

A I have not researched that specifically. It would be my opinion that the NSC staff -- certainly the NSC is not an intelligence agency.

It is my opinion the NSC staff would not be considered an intelligence agency within the general meaning of that term.

Q If the staff were engaged in intelligence activities, would their covert activities then --

MR. MATTHEWS: Before we go too much further along this line, I want to clarify to what extent we are going to be going into legal questions as opposed to factual research?

Obviously, a lot of this stuff, we have provided opinions done by the Department of Justice on these issues and the Attorney General may not have been -- personally may not have looked at them.

These are off-the-cuff responses.

THE WITNESS: Abstract.

MR. MATTHEWS: That doesn't really represent legal opinions.

MS. NAUGHTON: These are basically many of the questions that were asked you at the Senate Intelligence sessions. I am trying to cover the ground on the record for our committees.

THE WITNESS: I don't recall these questions being asked, but they may have been.

BY MS. NAUGHTON:

Q At any rate, I will re-ask my question. If National Security Council staff members are involved in covert activities of an intelligence nature, would their actions require a finding?

A That would depend upon a lot of circumstances that in your question are hypothetical. I am not sure I can answer that specifically. I would say preliminarily that activities of members of the National Security Staff probably would not require a finding, that that would be the general principle of law.

If, on the other hand, for example, they were detailed to the CIA, which is an intelligence agency, then it is possible a finding might be required. But it is hard to answer hypothetical questions on something that is rather specific as far as the law is concerned.

Q When you looked at the proposed finding by Judge Sporkin, you stated you reviewed the National Security Act regarding --

A We are talking now about when? The 16th of January approximately?

Q Around that time.

Can you recall if you did any other research on these questions?

A My best recollection is that I looked at the National Security Act, read that very carefully, may have looked at the citations appended to it, but I can't remember specifically, and on that basis, agreed with Judge Sporkin that delay in the notification of Congress was appropriate for a limited period of time.

Q That is the only issue then that you focused any research on; is that correct?

A Yes. I was already familiar with the Bill Smith opinion, having gone through that discussion some years earlier.

Q Did you involve anyone else from the Department of Justice at this point?

A Not that I can recall, no.

Q Why was Judge Jensen present for the -- at that time Deputy Attorney General Jensen present on the 6th when Oliver North brought that document?

A Well, because I had asked him to attend the meeting. Normally, when we had anything that was coming over from the National Security Council, I would have generally Judge Jensen, then Deputy Attorney General Jensen or some other member of the Department here so that if there was action that needed to be taken on that item, they would follow up on the action.

And I didn't know -- I don't believe I knew what Mr. North was coming over to talk about.

Q Did Judge Jensen have any other involvement in the Iran initiative other than that one meeting?

A Not to the best of my knowledge.

Q So when you were reviewing the legal issues surrounding the January 17 finding, you didn't go to OLC or any other people in the Department of Justice to research those issues; is that correct?

A Mine was not an in-depth review. It was more of a concurrence with the legal analysis done by -- that had been done by General Counsel Sporkin and in answer specifically to your question, no, I did not go -- I do not recall going to anyone else.

This was such a highly sensitive matter that it was my belief at the time that no one else in the Government outside of that very limited number who had participated in the meeting, both the President's meeting and the subsequent meeting, should be involved.

Q Why was it determined to delay notification to Congress?

A The President was very concerned, as was Admiral Poindexter and Director Casey of the obvious, intense danger to our hostages and also to the members of the Iranian Government who were involved in this initiative.

I remember specifically -- I remember generally that there was discussion, I believe, on the 7th about delaying notification of Congress until our hostages were returned and there was a concern to notify Congress as quickly as possible thereafter.

I remember generally there was discussion about we would notify Congress as soon as they were on our airplanes and out of Lebanon. Or out of wherever we were getting them.

Q Was there any discussion at that time of delaying notification because of possible political ramifications?

A No. I have no recollection of any such discussion. The only recollection I have was that there was concern for the safety, primarily, of the hostages and also, to some extent, I believe, of the moderate members of the Iranian Government with whom these discussions were being held, or the contacts were being made.

Q Are there any other findings of which you are aware that congressional notification was either delayed or eliminated?

A Not that I know of or that I can recall in this Administration. I believe there were findings of that sort in the prior Administration.

Q Are there any other findings of which you are aware other than the November 1985 finding that make prior actions retroactive?

A I don't know of any finding in 1985 that made prior actions retroactive. I know one was drafted, but I don't know if such a finding was ever made. I know of no findings signed by the President at any time that made prior actions retroactive -- made the finding retroactive to prior actions.

Q Were there any drafted that he didn't sign?

A I don't know of any that were drafted other than what I heard Mr. Sporkin talking about relating to activities he was involved in in November of 1985 or thereabouts.

Q Is it your understanding for the record that the Smith letter indicates that or does direct that Congress be notified of that particular transaction?

A I would have to look at that to be sure, but I believe that in that particular instance that notification of Congress was contemplated in that -- in the particular finding he was referring to.

Q What was your understanding of how long this initiative would last in terms of the weapons and the return of the hostages?

A My best recollection is that I thought that this would take place within 30 to 60 days because it appeared to be something that was imminent and that would be accomplished within a relatively short period of time.

Q Obviously, after 60 days had passed, not all of the hostages were released. Was it ever discussed then by anyone in the Administration that perhaps Congress should now be notified?

A Not that I know of because I don't believe I participated in any further discussions of this matter particularly as to the aspects of notification of Congress at any time until after it was publicly revealed in November of 1986.

Q Do you happen to know why after a reasonable amount of time, the 60 days, or the 90 days, why Congress was not notified?

A No. I do not. And to be very clear, the notificatio was to occur as soon as the hostages were returned and I -- the impression I received was that that would occur within 30 to 60 days after the meeting in January of 1986.

Q One minor point, again. From your calendar, it indicates a message on July 11, 1986, where Secretary Shultz requests you meet with himself and Judge Sofaer and Mr. Hill regarding a matter discussed at a Cabinet meeting.

There is no reference to it. Without dwelling on it in the documents and so forth, do you recall what that meeting was about?

A No, I don't.

Q Now, on October -- around October 5th or so, the C-123 carrying Eugene Hasenfus was shot down.

A What is the date?

Q Around October 5th.

A Yes.

Q Was shot down. When did you hear about the shoot-down?

A I don't have any recollection. I probably read it in the paper or saw -- I don't usually watch television, so I doubt if I saw it on television. Probably read about it in the paper at or about that time when it was publicly revealed.

Q So you have no recollection of anyone in the Administration calling you to tell you this had happened?

A Not that I recall.

Q Once you found out that it had happened, did you do anything about it?

A Not that I recall, no.

Q Did you direct the FBI or Customs or any other agency to investigate the matter?

A No. I have no recollection of doing that. I can't imagine why I would.

Q When did you first become aware of -- let's start first with the Customs investigation of Southern Air Transport and the issue of the C-123 and so forth.

A I am not sure whether I became aware of a Customs investigation, or if I did, it was probably only in connection with -- I believe I became aware of it when Admiral Poindexter called me in regard to an investigation that the FBI had and I believe Customs was mentioned at the same time.

I think he told me there was a Customs investigation and asked me to talk to Secretary Baker about that investigation.

Q Did you talk to Secretary Baker?

A I mentioned it to Secretary Baker at a Cabinet meeting, I believe, or at some meeting in the White House and said I wanted to talk to him further about it, and then for some reason, that was eclipsed by other events. I don't believe we talked about it any further.

Q When you discussed it, first of all, was he aware of the investigation?

A I don't remember whether he was or not. It was a very brief discussion with him.

Q Can you tell us what the discussion was? What did you say? What did he say?

A I can't recall the specific discussion. I believe it was to the effect that the National Security Council's staff would like us to delay an investigation of which Customs also had a part or had an investigation going for a brief period of time.

But I am not even sure how much of that I actually discussed with him. I wanted to talk to him about this when we had more time.

Q So at that time you didn't specifically request a delay, but simply to speak at another time.

A I think we indicated -- I indicated that we -- that I wanted to discuss this with him and for some reason we were interrupted. Maybe the start of the meeting or something else.

Q Did he give you any indication that he would see that it was delayed for a period of time?

A I don't think we got to that point in the discussion. I think it was a matter that was to be continued at a later time.

Q You can't recall what it was?

A I believe -- I don't believe that there was any further conversation with him on the subject. I have been told by others that other contacts were made and that this matter was taken care of as far as Customs was concerned by persons other than myself.

Q Do you know who these persons were?

A I think Mr. Trott was involved in it, but I am not positive.

Q Do you know if Colonel North made any calls?

A I don't know for sure whether he did or not. I don't recall at least knowing that -- whether he did or not. It is possible.

Q Did Colonel North talk to you about this investigatio

A He may have. I don't have a specific recollection. It is possible that he did. I do know that it was Admiral Poindexter who made a call to me on the subject. I do recall that conversation.

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Q Did Admiral Poindexter, when he called, explain to you that the investigation that had been done by the FBI might reveal an Iran initiative which had not yet been completed, in which Southern Air Transport was involved?

A I don't recall that. The impression that I got, that I do recall, was more to the effect that people who were involved in Southern Air Transport were needed for something to do with the Iranian initiative or the hostages, and that that is why a delay in the FBI -- the FBI either wanted to interview some people or wanted to get some records. That is my impression; and that a delay was needed because the people who were involved were needed for something at that time relating to the Iranian initiative. That is my recollection of the impression I got out of the conversation. I don't recall the exact words.

Q Then from the period of time of, let's say, Januarv 20, 1986, until mid October, when you heard from Admiral Poindexter, did you discuss, or hear of, or seek communication regarding the Iranian initiative?

A There was one other instance that was some time during the summer, when the Criminal Division had a case, or where there was a criminal case involving an accusation of arms smuggling to Iran, and I received from someone in the department, I believe it was Steve Trott, but it may not have been, it may have been Bill Weld, a request to find out -- apparently there was some claim being made that this was authorized by the United States Government, a claim, I might say, that was directly made in regard to these kinds of cases. And so I, as a precaution, checked with John Poindexter to be sure that this case that we had had no relationship to the Iranian initiative. Was advised by Poindexter that it did not. And reported that back, not in regard to the Iranian initiative, but reported back that I had checked with the NSC staff and that there was no authorization by the United States Government that involved this particular investigation.

Q Do you recall the name of the case?

A I don't recall the name, no.

Q Was it an indicted case?

A I don't recall whether it was indicted or just an investigation at that time.

Q Do you recall from what district it emanated?

A My best recollection, I believe, is that it came from New York. I think the Southern District of New York, or the Eastern District of New York. I am not sure. I think it was a New York case.

Q Was this the Evans case?

A I have heard it referred to since that time as the Evans case. I don't believe I knew the name of the case at that time.

Q Do you recall, was Assistant Attorney General Weld involved in bringing these messages back and forth?

A It is possible. I don't recall specifically now who it was, but I think it may have been Mr. Weld. It would normally come through that channel.

Q Do you know whether or not there was any declaration or affidavit or anything prepared for the government to attest to as proof to the court that the government wasn't involved?

A I don't recall that notice, but it is entirely possible.

Q Moving then along to around about October 17, 1986, the majority members of the House Judiciary Committee wrote to request an inquiry to lead to an appointment of an independent counsel regarding the crash of the C-123 and any activity on the part of any government officials in supplying the Nicaraguan Resistance.

You were aware of that request, were you not?

A Yes. I believe I received a copy of that request and it was directed, if I remember correctly, to the Criminal Division.

Q And in that request, it names Admiral Poindexter, Oliver North, Director Casey, Vice President Bush, and others as possible subjects for this pre-inquiry?

A I believe that is correct. I don't recall

Q But this request by the House Judiciary Committee came to your attention when it was made; didn't it?

A My best recollection -- and I would have to check the document -- is that it was a request from a subcommittee of the House Judiciary Committee headed by Mr. Conyers. That is my best recollection. Let's check the document.

Q Well, there were a couple of letters. I will withdraw that question in the interest of time. Regardless of who made the request, you were aware at the time it was made that it had been made; is that correct?

A We get a request. You know, we get these requests fairly frequently.

Q Sure.

A But I was aware that a request had been made. These usually are directed to the Criminal Division and so I usually see them in passing.

I do see a letter dated the 17th of October, 1986, that is signed by Mr. Conyers, and it is only -- it says that a majority representating the Democratic Members of the House Committee on the Judiciary. I guess the reason that I thought it was a subcommittee is it was signed by Mr. Conyers rather than the committee chairman.

Q And was this -- did you refer this matter to the Public Integrity Section?

A I don't know whether it went in the Criminal Division. The letter itself would normally go directly to the Criminal Division. I would not specifically refer it. It would be done by the Executive Secretariat. We could find out how that was done, if you need to. I would not handle it myself.

Q But you were aware that it had come in?

A I would get an information copy of the letter. Then the action copy would be referred, in all probability, to the Criminal Division.

Q And did you get any urgent reports or daily reports on the progress that the people in the Criminal Division had made on the investigation?

A I may have. I don't recall them now. My memory is being refreshed here by -- or at least I am being shown a document dated the 14th of November, 1986, which is a -- what appears to be a progress report on the independent counsel request by members of the House Committee on the Judiciary regarding aid to Nicaraguan rebels. It is a memorandum to me from William Weld. I have a general recollection of having received this.

Q Could I ask you -- I know that we have not received a copy of that.

A I am sure you have.

MR. MATTHEWS: I think so.

THE WITNESS: You have received a copy of it.

You are certainly welcome---

MS. NAUGHTON: Some time during the break, if you could copy it?

BY MS. NAUGHTON:

Q Did you discuss this particular inquiry with anyone at the NSC or the White House?

A Not to my recollection, no. And I doubt if I would.

Q Did you ever discuss it with Director Casey?

A Not that I recall.

Q Do you know whether or not anyone at the Department of Justice believed anyone at the White House or the NSC regarding this inquiry?

A I do not know whether they did or not.

Q Did the NSC or anyone at the White House request any briefing on the status of this inquiry?

A Not that I can recall.

Q Now, during the period in the fall of 1985, and a couple of times -- once in '85 and, I believe, three times in '86, [redacted]

A I don't recall whether they were related to the

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Iranian initiative. [redacted]

[redacted]

I would not have known any relationship, to the best of my recollection, to any Iranian initiative, because I don't recall knowing of any Iranian initiative. [redacted]

[redacted]

Q Do you recall receiving any communications from either Admiral Poindexter or Colonel North regarding [redacted]

A I don't recall now that I received any such communications.

Q Did you discuss [redacted] with Admiral Poindexter or Colonel North?

A I don't recall now whether I did or not. I don't have any recollection of doing so.

Q Did anyone else within the -- within main Justice know about the Iranian initiative other than Judge Jensen?

A Not---

Q Up until November of 1986?

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A Prior to November of 1986?

To the best of my knowledge and recollection, no.

Q Do you have a recollection of anyone at the FBI becoming aware of the arms shipments?

A I don't have a specific recollection of that occurring.

Q What about any other component of the Department of Justice?

A Not that I can recall now. I have a vague recollection that there was some question raised at some time during 1986 about it, about whether certain things were authorized, but I don't have any -- I can't specifically recall now what it was.

Q Now the Iran story broke on or about November 3 of 1986. There were beginning to be reports from the Mideast press, and then picked up in the American press. Do you recall how you were first -- you first became aware this was becoming public?

A I don't recall how I first became aware. It was presumably through the newspapers.

Q Did you do anything once you -- once this began to unravel? In other words, once this story was beginning to break?

A Not that I can recall, although I think it have been a subject of conversation generally among of my staff and

Q From November 3rd, until, let's say, the 20th, did you assist in preparing any statements by the Administration regarding the arms shipments?

A Not that I recall. I know that there was at least one occasion when there was a briefing on the subject at an NSC or NSPG meeting in the White House.

Q At that meeting; do you recall when that was?

A I don't have a specific recollection. I think it may be -- let me see if I can find that.

I have a chronology here that indicates that it was probably the 10th of November.

Q Did you take notes at that meeting?

A Yes, I did. As a matter of fact, I believe copies of my notes of that meeting have been supplied to the committee.

Q At that meeting, were the 1985 shipments of TOWs and Hawks discussed?

A I believe maybe they were. That may have been the first time I learned about the 1985 shipments.

Q Do you recall what was said about them and who said it?

A I believe that the information was provided to me -- to all of us who were in the meeting by Admiral Poindexter. But I would have to see my notes in order to specifically recall. And let me say that I believe that was the first time that I learned about it, which was even before Mr. Cooper then provided the information to me the following week.

Q Do you recall what Admiral Poindexter had to say about the shipments, the 1985?

A I don't remember how much was specified in terms of dates. I do remember that there were discussions as to the quantity of TOW missiles that were provided, and I believe what was described as Hawk parts, Hawk missile parts were provided.

Q So he told you that it was Hawk missile parts.

A I believe so. I would have to see my notes. Mr. Matthews is obtaining copies of my notes.

Q Was it---

A Where I can answer you specifically -- I am referring now to my notes of a -- what is described in my notes as a National Security meeting on the 10th of November, 1986, at 11:30 a.m., in the Oval Office.

MR. LEON: How many pages are your notes, General?

THE WITNESS: My notes that I have here, is three pages of notes.

MR. LEON: They are all handwritten, are they not?

THE WITNESS: They are all handwritten; right.

BY MS. NAUGHTON:

Q Using those notes then to refresh your recollection-

A Right.

Q ---so you recall Admiral Poindexter talking about the 1985 shipments?

A I don't see anything here that talks about a date as early as 1985. The only dates that I see here refer to a 17th of January 1986 finding, and something that says the first channel was continued until late summer, 1996, and a McFarlane trip to Tehran in May of 1986.

Q If I can back up for a moment?

A Yes.

Q You also met with Admiral Poindexter at the White House on, I believe, November 5th and 6th; do you recall what that meeting was about?

A No, I don't.

Q Do you know if it was related to the Iran initiative?

A I don't know for sure. It is possible that he may have discussed with me that we wanted to have some assistance in reviewing the law relating to this matter, because I do know on the 10th of November, I asked Charles Cooper, the Assistant Attorney General in charge of the Office of Legal Counsel, to be prepared to look into it and I believe told him either then or subsequently that he would be receiving a call from Paul Thompson of John Poindexter's staff. So it is possible, although I don't have a specific recollection, that Admiral Poindexter said they would like some legal assistance in regard to the matter.

Q Do you recall telling Assistant Attorney General Cooper to limit the staffing to one lawyer?

A I told him -- I don't have a specific recollection, but I have discussed this with him since. His recollection is that I told him this is a very sensitive matter, which it obviously was, and that he should limit his staff probably to one other staff member. This is Mr. Cooper's recollection and it is not inconsistent with what I am sure I probably did at the time.

Q Did you tell Mr. Cooper about the prior finding, your involvement in the prior finding in January of 1986?

A We had a very quick conversation, because it was at a meeting, a management planning meeting that we had, I think, somewhere off-site here, and it was a very brief conversation. It was just kind of a heads-up warning order to him that this would be coming, and that he would probably be contacted by someone from the NSC.

Q Now some time---

A I should say from the NSC staff.

Q Now at some time during the process, Mr. Cooper prepared for you a book listing some of the staffers involved?

A Yes.

Q Do you recall receiving that?

A I have a recollection of receiving it. He has refreshed my recollection since that time that he did do that and that it was given to me.

Q Did you review the book?

A I am sure -- I don't have a specific recollection. I probably looked at it at the time, or looked briefly through it, but had it available.

Q Mr. Cooper testified that at a certain point he began to focus on the November '85 and August '85 shipments regarding the legal issues that might be involved. Do you recall when you began to focus on those issues as possible legal problems?

A Probably -- it is probable I could have focused on them -- and I don't have a specific recollection -- it is possible I could have focused on them during the week prior to the 20th of November. I am sure that I did focus on them probably at or after that general period of time, going from the 20th of November through the 25th of November. During most of that time, I was less concerned with the legal problems, specifically, than I was certainly from the 21st, on getting at the facts; but I think on the 20th, one of the reasons I was at the White House on that day was to look at any legal aspects that might be coming up in the testimony of Director Casey, and the briefing of Admiral Poindexter, whether they specifically -- whether the legal aspects --

specifically related to things happening in 1985, I can't remember.

Q You were aware by that time that there might be problems with CIA involvement if there was a no finding at the time?

A I don't believe I learned that until over the weekend of the 21st through the 24th.

Q So then what legal issues were you concerned about when you went to the meeting on the 20th?

A Well, it was any legal issues that might be involved. The ones I had particularly in mind had to do with the National Security Act and the Arms Export Control Act, the opinion of William French Smith, and the issues relating to the notification of Congress.

Q From November 7, then, until the 20th, did you discuss any of these legal issues with anyone other than Mr. Cooper?

A Well, the specific discussion of legal issues, I don't recall with anyone other than Mr. Cooper and then only briefly. Obviously, the discussion of legal issues as a general subject, I believe I discussed with Admiral Poindexter when he requested the assistance, but only in that context.

Q Did you tell Admiral Poindexter that there might be a problem with the 1985 shipments?

A I don't know at the time I talked with Admiral Poindexter, that I knew about any 1985 shipments. I don't recall whether I knew that or not. I do not recall ever discussing that with Admiral Poindexter that there might be a problem.

MR. LEON: You are referring to the discussion with him prior to the 10th, are you not, General?

THE WITNESS: Yes. That is the only discussion that I can speculate that I had with Admiral Poindexter on it. And even then, I don't have a distinct recollection of that discussion.

BY MS. NAUGHTON:

Q As to your discussion with Mr. Ledeen on November 14th, did you take notes of that meeting?

A Only the note that you have, which was a topic heading, and a note that he claimed he had been connected with McFarlane in 1985. I did not discuss that in any great detail with Mr. Ledeen. When he mentioned it, I think we went on to another subject because I didn't know how much he was authorized to know and so I didn't really continue the discussion with him to any great extent.

Q Well, at this point, you had begun to do legal research and find out about this?

A I hadn't. Mr. Cooper had.

Q Okay.

You directed Mr. Cooper to do it. But you didn't ask Mr. Ledeen anything about his involvement or what had happened?

A I really didn't didn't pursue the discussion with Mr. Ledeen at all. It was a very sensitive subject. I didn't know how much he was entitled to know, so I just didn't pursue it with him, other than what he said to me, which I have already reflected.

Q You met with Mr. Gerson before the meeting with Mr. Ledeen. Do you recall -- was that in preparation for the meeting with Mr. Ledeen?

A Not that I can recall. Mr. Gerson, I met with on frequent occasions. He was at that time my Assistant for National Security Affairs.

Q The records reflect a five-minute meeting with Mr. Gerson before the meeting with Mr. Ledeen. Do you recall if that was to brief you?

A I don't recall if that was related to Mr. Ledeen's visit or not.

Q Now, there was apparently a National Security Council meeting on November 18th, 1986. Do you recall if the Iran initiative was discussed at that meeting?

A I do not recall whether it was or not. Let me just -- I don't recall whether it was or not.

Q Now, Mr. Cooper testified that the President had a press conference on the 19th of November and made certain statements that didn't reflect what the chronologies have reflected regarding third country involvement, and that you had changed your travel plans to make the meeting on the 20th. Was that an accurate representation of what happened?

A On the 19th, the President had a news conference. I saw at least a portion of that news conference. I think I heard part of it going home in the car and saw the rest on television, but I am not positive. In the course of that news conference, I learned that the President had stated things about no third country being involved, I believe, was the way he stated it, that led me to believe that he had probably not been given accurate -- an accurate briefing; and I called Mr. Poindexter to discuss that. In the course of that conversation, I believe, Mr, Poindexter told me that there would be a meeting the following day, Thursday, to prepare for testimony that was going to be given later in the week. And I think it was either at that time or the next day that he asked me to participate in that meeting.

In any event, I determined that night that -- I was supposed to go to West Point on Thursday the 20th, and that I would -- I was going to have a tour and some briefings at West Point during the day. I think also participate in a class.

I made arrangements to defer my West Point participation until the evening when I was the speaker at the banquet there and delay my departure for West Point until after a meeting -- or until late afternoon on the 20th.

Q Why didn't you bring Mr. Cooper to the meeting?

A Because Mr. Cooper was the one who was doing the legal research, the legal analysis relating to the whole Iran initiative at my request, which we discussed on the 10th. He would be the person most knowledgeable on the legal aspects that we would be discussing.

Q Your records indicate you spoke to Mr. Casey that morning before the meeting. Do you recall what you discussed?

A I don't recall what we discussed, no. Unless it may have been we were going to meet that afternoon, something relating to that. But I don't recall.

Q Did he tell you anything about his proposed testimony at that time?

A I don't recall if he did or not.

Q Mr. Cooper has already testified as to who was at the -- if I can call it a drafting session?

A I don't think it was a drafting session. My understanding is it was a meeting to review the testimony rather than a drafting session.

Q All right. We will refer to it then as the meeting to review the testimony on the 20th. He recalled that Mr. Thompson, Mr. Poindexter, Mr. Casey, yourself, and Colonel North were present. Do you recall anyone else present at the meeting?

A I am not sure whether there was anyone else present. There may have been. I don't recall. I think there may have been another gentleman by the name of George Cave present, but I am not positive.

MR. LEON: a CIA gentleman?

THE WITNESS: Yes; I think so, but I am not positive

BY MS. NAUGHTON:

Q Did you know Mr. Cave?

A Also my recollection was that Colonel North came in during the meeting rather than being there during the whole meeting, but again I am not positive on that.

Q Did you know Mr. Cave from before?

A I don't believe I met him before. At least I can't recall meeting him before, but it is possible that I could have.

Q Were you introduced to him?

A I don't recall. As I say, I am not even sure he was there, but I believe he was.

Q What I am getting at is how do you know it was Mr. Cave if you hadn't been introduced and hadn't met him?

A I am sure if he was there I was introduced to him at that time. I just can't recall.

Do you know if he was there or not?

MR. LEON: There was testimony yesterday by Colonel North that his recollection is that he was there.

THE WITNESS: It is my recollection, too, that I believe he was there, but I am not absolutely positive.

MR. LEON: Mr. Cooper's chronology, which was an exhibit to his testimony, I believe, indicates that he thought Mr. Gates was there. Let me just double check that.

THE WITNESS: Okay.

MR. LEON: His chronology indicates Gates. However, I believe in his testimony, Mr. Cooper and -- the best evidence is his testimony, but my recollection is during his testimony Mr. Cooper said he thought it was Gates, but he wasn't sure. It might have been someone else, or words to that effect.

THE WITNESS: I don't know. My best guess would be that it probably was Mr. Cave rather than Mr. Gates. I don't think at that time Mr. Gates had any part in this. I think he was the Deputy Director of CIA for intelligence rather than for operations. So I don't think he had any part in this. But I am not positive.

MR. LEON: Did you know Mr. Gates before that day?

THE WITNESS: I had met with Mr. Gates, I believe, at the NSC meetings.

BY MS. NAUGHTON:

Q Was this meeting also to prepare Admiral Poindexter for his briefing?

A Well, I think at the meeting we learned, or maybe I learned that before, that two things were going to happen on Friday the 21st. One is that Mr. Casey was going to testify before the -- I think it is the House Intelligence Committee and before the Senate Intelligence Committee, and that Mr. Poindexter, since he was not as a member of the White House staff in a position to testify, was instead going to have a briefing for each of the committees and/or some of their staff at the Executive Office Building, I think.

Q Did you see a draft of the testimony before going to the meeting?

A Not that I recall.

Q Did you take any notes while at the meeting?

A I believe that at the meeting we were provided copies of the testimony and I believe I took -- I made some interline notations on the basis of what was being told to us at that time on a document that may have been the testimony.

Q You don't recall taking separate pages---

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A I did not take separate notes, no. Not that I can recall.

Q Do you recall at some point in the meeting the insert being addressed and Colonel North proposing the change from, "No one in the CIA found out there were Hawks on that shipment in 1985" to "No one in the U.S. Government knew that there were Hawks on the shipment"?

A Well, I don't have a specific recollection of that, but I have looked -- excuse me -- I have looked at a copy of a document that was given to me at that meeting, and I see in my handwriting such an interlineation. So I assume that that happened at that time.

Q The interlineation is in your handwriting; isn't it?

A Yes. Let's refer to it here.

MR. LEON: General, while your Deputy is looking---

THE WITNESS: Here we are. This is a document that says, "Subject, CIA airline involvement." And on that document, which I think you have a copy of---

MR. LEON: I would like to hand you what was Mr. Cooper's Exhibit 6. It is part of the record already.

Just look at that to see if you can identify any of the handwriting on that?

THE WITNESS: That appears to be the same document I was just looking at. This is identified as CJC-6. It is

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an exhibit.

On this, I can identify some of the handwriting, yes. I can identify my handwriting, in the third paragraph, putting the words, "the Israelis," and my handwriting appears in the 6th paragraph, where I have written the word, "neither," and then the words "Israelis nor the Iranians knew."

Subsequently, in that paragraph, "no one in the U.S. Government found," and then in the following paragraph, the words, "by the Israelis." Then in the same paragraph, the words, "another unrelated."

Those are the items there that are in my handwriting.

BY MS. NAUGHTON:

Q General Meese, did you make those interlineations on your own accord or was that a agreed upon by the group?

A I can't remember for sure, but I think that this was generally what was agreed upon by the group. I think that is the reason that I put it in there. I didn't know -- this must have been provided by someone else because I didn't have any basis for putting that other than what somebody else told me.

Q Did you propose any changes in the testimony that you can recall?

A Not that I recall.

Q When the statement was made by Colonel North that he wanted to change the language to read "no one in the U.S, Government knew it was Hawks until January of 1986," did anybody in the room disagree with that?

A Not that I can remember.

Q Did you know that that was not true?

A No.

Q Do you know whether Director Casey knew whether that was not true?

A No.

Q Did he ever indicate to you at a later time that he knew that was not true?

A No.

Q Do you recall when you left the meeting, did you go to the Department of Justice, back to Justice, or straight to West Point?

A My best recollection is that I went directly to Andrews Air Force Base where I flew to West Point.

MR. MATTHEWS: That should be on the chronology.

THE WITNESS: Yes. Apparently -- I believe I left for Andrews to go to West Point about 3:40 in the afternoon, is my best recollection .

BY MS. NAUGHTON:

Q Did you discuss this subject, Mr. Casey's testimony about the Iran arms sales, with anyone during that period of time? That is after you left the meeting until you spoke with Mr. Cooper later that night on the telephone?

Q I don't specifically recall, but I understand that I had a telephone conversation with my deputy, Arnold Burns, who relayed to me a conversation he had had with Abraha Sofaer, the legal adviser at the State Department. Again, I don't have a specific recollection, but the general thing was that Mr. Sofaer was concerned about Mr. Casey's proposed testimony; and to the best of my recollection, which is very indistinct, but piecing this together from what others have said, I indicated -- thinking that it was what we had just been going over and in which corrections had been made, I advised Mr. Burns that this matter was being taken care of because we just had been going through putting together what was,to the best of my knowledge at that time, an accurate description of what had occurred.

Q Do you recall where you were when you spoke to Mr. Burns?

A I don't recall, and it is probably that I was on the car phone in my car in route to Andrews, but I am not absolutely sure.

Q Was this a secure phone or unsecure?

A It was not a secure phone. That is why my belief is that we had a very -- you might say, elliptical discussion rather than being too specific in the course of the discussion.

Q So---

A In any event, I know it was not a secure phone.

Q Mr. Burns told you that there was a discrepancy in Mr. Casey's testimony?

A I can't remember the precise wording of the conversation. I have a general recollection that there was such a conversation. I can't remember specifically what he said. But it was more to the nature that there were concerns over possible inconsistencies or inaccuracies in the proposed testimony of Mr. Casey, which I assumed to be the same document that I had seen and which had already undergone some changes and corrections to make it consistent with what other people knew.

Q Did you ask him to elaborate on what those were?

A No. No. Because I assumed that it was what we had just been working on and indicated that that was already being taken care of.

Q Did you ask him to go get more facts from Judge Sofaer?

A No, I am sure I didn't, particularly since we were on an unsecure phone. Again, I assumed this was the same matter we had just been working on over in Mr. Poindexter's office.

Q Were you aware that Judge Sofaer had tried to reach you first?

A I don't know whether Mr. Burns told me that on

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the phone or not. I don't recall whether he did or not.

Q Did you ever make any attempt to contact Judge Sofaer regarding this matter any time the 20th or 21st?

A Not that I recall, no.

MR. POLGAR: One question. Excuse me.

General Meese, was this document that you just looked at, CJC-6, was that the only document handed out at the meeting?

THE WITNESS: No. I also -- I do have a distinct recollection there was also, I think, a two-page chronological summary with dates and things occurring that covered 1985 and 1986. That listed things like arms shipments and hostages being released and so on.

BY MS. NAUGHTON:

Q General Meese, what was your impression then when you left for West Point regarding what Mr. Casey was going to tell the Intelligence Committees specifically about the 1985 shipments?

A As best as I recall, it was the matters that were contained in that document, CJC-6, which we have just referred to.

Q So it was your understanding he was going to tell Congress that no one in the U.S. Government knew there were Hawks on the shipment until January of 1986?

A Well, I can't specifically recall that that was what my impression was. [illegible] recollection from

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the document, it was to the effect that what was portrayed in that document was an accurate portrayal of what had occurred. And that that is what he would be testifying to.

Q When you got the message from Mr. Burns that Judge Sofaer had called, did Mr. Burns tell you that Judge Sofaer said that the State Department had a note which indicated that at least Secretary of State Shultz disputed that point?

A I don't recall him telling me that. I doubt if he went into that much detail; and since that time, Mr. Burns has told me that Mr. Sofaer has told him that he didn't say anything to him about having notes.

Q Mr. Burns and Mr. Sofaer subsequently discussed it?

A Apparently, yes. And that Mr. Sofaer -- Mr. Burns told me that since that time, Mr. Sofaer has advised him that in the coversation that they had in November of 1986, Mr. Sofaer did not mention having any notes.

Q Did you speak with Director Casey on the 20th of November after the meeting, any time after the meeting?

A Not that I recall.

Q What about anyone from the NSC? Now this is prior to when Mr. Cooper informs you of the problem?

A I don't recall talking to anyone from the NSC. NSC staff you are asking about?

Q Yes.

What about anyone from the White House?

A I don't recall talking to anyone from the White House.

Q Do you recall when you first heard from Mr. Cooper?

A I heard from Mr. Cooper on the evening of the 20th of November. I was at West Point. I was in the middle of a dinner and a reception following the dinner, my best recollection is, and they were trying to get the secure phone to work. Finally, around -- some time around 10 o'clock, perhaps, they finally got the secure phone to work and I then talked with Mr. Cooper, and I think we had two -- at least one and probably two different conversations that evening on the secure phone.

Q What did he tell you the problem was?

A And he said -- now, as best I can recall -- and this is perhaps not exactly -- but it was to the effect that the State Department had additional information about Hawk shipments or at least about arms shipments in November of 1985, which appeared to be inconsistent with the testimony that Mr. Casey was going to give, and that this information had been apparently -- had been provided to George Shultz while he was at Geneva.

Q Did he tell you that Mr. McFarlane told Secretary

Shultz?

Q I don't recall whether he went into that much detail or not. But at least that Mr. Shultz had that information.

Q Did Mr. Cooper tell you there was a note or documentation to that effect?

A I think he did, but I am not positive. Again, I can't recall the specifics of the discussion.

Q Did Mr. Cooper tell you that Judge Sofaer had threatened to -- or said that he would have to resign if this discrepancy was not alleviated?

A I can't recall that he did.

Q Did he tell you that Mr. Armacost, who was set to testify with Mr. Casey the next day, would have to dispute what Mr. Casey said if that is what was testified to?

A I can't recall specifically that he did, but it is possible.

Q In your mind then, how did that differ from what Mr. Burns had told you earlier? In other words, I gather you made plans to return to Washington as soon as possible?

A Oh, yes. Well, it differed -- it was much -- a whole new area of information that was beyond what I had assumed Mr. Burns was telling me, because it went beyond the corrections that we had made in the testimony, the memorandum in Mr. Poindexter's office.

Q Did you call Director Casey and find out what the story was?

A I don't remember whether I called. I didn't call him that night. I may have called him the next morning, but I am not sure.

Q Well---

A I don't think so, though. I don't believe so. I think by the time I got back here, it was probably after he had already gone to the testimony. I don't recall anyway talking with Mr. Casey on the morning of the 21st of November.

Q The first time then that you did get a chance to speak to him, did you discuss the '95 shipment and what -- in other words, did you try to resolve it in your own mind what happened?

A Well, at that point, I don't remember discussing -- talking with Mr. Casey at all on the morning of the 21st of November. I did talk to Mr. Cooper on that morning and somehow I arranged to meet with the President at 11:30 on that day; and whether that was through Mr. Poindexter or through Mr. Regan, I don't know. But I had reached the conclusion by that time that what appeared to me was that different people had different pieces of this story. Because it was such a highly compartmentalized operation, it was my impression, at that time, that different people knew different things and they didn't all match up because of the fact that no one had tried to put a coherent story together and that it -- therefore, I went to see the President to say that in order to be sure we were presenting an accurate picture to the Congress, it was necessary to have someone review all of the facts and what everybody knew, and put it together so that there would be a coherent and accurate presentation to the Congress and to the public.

Q Did you speak to anyone that night on the 20th, from the United States Government, other than Mr. Cooper?

A Well, I was speaking to a bunch of people from the United States Government at West Point. But as far as here in Washington, nobody that I recall. I may have had to talk to somebody about making arrangements to come back the next day, but I am not sure of that.

Q Did you take any steps to make sure that Mr. Casey's testimony was changed if inaccurate or was -- or this point was brought up and discussed, and deleted, if necessary?

A I recall generally telling Mr. Cooper to do that, and he may have already done that, or was in contact with him that night. He was going to be talking, I think, with Mr. Dougherty who was then the General Counsel at CIA, if I remember correctly. He was going to be working on that, and I indicated that if there were any problems, he should

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get in touch with me because we wanted to be sure that Mr. Casey's testimony was accurate the next day.

Q Do you recall when you left West Point?

A I think I left West Point some time around 6:30 or so in the morning.

Q And you arrived at the Department of Justice when?

A I can't recall exactly. I think it was around 9:30,or somewhere along that line.

MR. MATTHEWS: There is a notation on the chronology there.

THE WITNESS: Let's see. Here it is.

I arrived here, apparently, some time around 9 o'clock, because I have a notation here that my -- I met with Mr. Burns, Mr. Reynolds, Mr. Cooper, and Mr. Richardson at 9:15 a.m., for one and half hours. So I was here apparently by 9 o'clock.

BY MS. NAUGHTON:

Q Did you attend the regular staff meeting that morning?

A No. I believe I arrived here after the staff meeting was over. That would be indicated by this time.

Q Do you recall, let's say, up through November 21st, whether or not there was any discussion at staff meetings regarding the arms sales to Iran?

A I don't recall any such discussions. It is entirely possible that there was.

Q Then taking it then, my same question, through, let's say, November 24, which is the following Monday, was there any discussion of involving the Criminal Division in an investigation of the Iranian arms sales?

A Are you talking now about a staff meeting or at any time?

Q At any point in discussion within the Department of Justice.

A Well, on the 21st, there may have been discussion about involving the Criminal Division, although I don't have a specific recollection of it. There was nothing at that time that appeared to be any criminal activity or any basis for it, and I remember that specifically, because I did have a discussion on the 21st of November with Director Webster in which we both agreed that there would be no basis for calling in the FBI -- calling in the FBI to assist in the factual review that the President asked me to undertake, would not justify calling in the FBI to assist, because this was essentially a governmental administrative matter, and was not a criminal matter.

Q If I can back up one step before the Webster conversation. When you say there was discussion about whether or not this should be done by the Criminal Division, or---

A No. I don't recall any such discussion. I know there was discussion as to whether the -- it was a criminal matter in the context of the FBI. I don't recall whether there was a similar discussion as to whether there was -- whether there was any question about the Criminal Division being involved.

Q Was there ever any discussion throughout the weekend by anyone in the Criminal Division that perhaps they should be involved in correcting the facts?

A Not that I can recall, no. Not that I recall.

Q As to---

A I don't believe I talked to anyone over the weekend in the Criminal Division that I can recall.

Q Well, my question included through the 24th, that is through Monday, because Tuesday is your press conference.

A Yes. I don't know that I talked with anyone in the Criminal Division on the 24th. I don't recall whether I was at the staff meeting on the 24th or not. But in any event, I don't recall any such discussion. I did have a discussion about criminal aspects on the afternoon of the 21st, at which time I asked Mr. Cooper to review the facts as we had them, and to do a preliminary review to determine whether or not there was anything that could justify a criminal inquiry.

MR. LEON: Is that the 24th, General?

THE WITNESS: 24th, yes.

MR. LEON: 24th?

THE WITNESS: Yes.

MR. LEON: If I may ask one---

THE WITNESS: Let's just check here now. Yes. I did -- this is interesting. I did meet with members of the Criminal Division or at least with Bill Weld and Steve Trott at 5:30 on the 24th on another matter, but not anything related to this.

MS. NAUGHTON: Okay.

MR. LEON: I just wanted to clarify one other point for the record.

That call with Judge Webster on Friday the 21st?

MR. WITNESS: Yes. I met with -- I believe I met with Judge Webster on that day.

MR. LEON: Would that have been before or after you saw the President?

THE WITNESS: That would have been after the President. I talked with him about what I was doing. We specifically discussed whether it would be proper to bring in the FBI. We both agreed that it would not. What I had in mind then was particularly how other Presidents had been critizized for using the FBI in matters that were not criminal matters. I think it was President Kennedy in the steel industry matter and other things like that.

BY MS. NAUGHTON:

Q What exactly did you tell Director Webster?

A I told -- well, I can't recall the exact conversatio but I indicated the President had asked me to do a factual review of the matters pertaining to the Iran initiative and because there were different people who had different bits of information and that we wanted to try to put it together into a coherent version of the whole thing.

Q Did you explain to him the discrepancies in Casey's testimony?

A I don't think I went into specific details about it, other than what I mentioned, that different people had remembered different parts of it.

Q Do you know whether or not he was aware that Mr. Casey was testifying that day?

A I don't know whether he was or not. I am sure I probably mentioned that. Or that he knew of it. It was generally known. There was quite a bit of publicty about it.

Q When Mr. Cooper came back, he testified he went to the CIA that morning as you were getting back from West Point?

A Yes.

Q When he came back and you had your meeting at or about 9:15, did he mention he had learned from Mr. Dougherty that the CIA pilot -- the pilot for the CIA proprietary knew that he had military equipment aboard the plane in November of 1985?

A I don't recall that he did, but he may well have.

Q What did Mr. -- after Director Casey testified in the morning, you met with Mr. Bolton and others later that day, and Mr. Bolton briefed you on what Mr. Casey had testified to?

A That is correct.

Q What did Mr. Bolton tell you Mr. Casey had said about the November Hawk shipment?

A I can't recall now what he told me about it.

Q Okay.

In your mind, though, in terms of what he told you, did that alert you to any problem,or did it ease any concerns you had?

A I can't recall that it had any effect one way or the other. I do note that I met with him apparently that afternoon about 2:15.

Q If I can skip back to your meeting with the President, who else was present when you briefed the President on this?

A At that meeting was Mr. Poindexter, Don Regan, the President, and myself. That is all that I can recall.

Q Did you explain the Shultz version of events, what Mr. Cooper [illegible]?

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A I may have referred to it, but it was mainly to say that different people had different information concerning what had happened in November and that we really didn't have a coherent picture or a complete overview of what had taken place there, and I mentioned to the President, I believe, that because this had been so compartmentalized, that NSC staff had done some things, CIA had done some things, I believe I mentioned the Department of the Army had done some things, that some of it was known to the State Department because of what had happened in Geneva, that as a result, we had a lot of people with different parts of the puzzle and that it was necessary to get an overview so that he, the President, would know all the things that had happened, and also that we could be sure we were providing an accurate picture to the Congress. That was my main concern, and also, for example, to the public.

Q Did you suggest then that you be delegated to gather these facts?

A I don't remember whether I suggested it or whether he suggested it. In any event, it developed that I did. I may have said I would be willing to do this if that is what he wanted to do.

Q Do you recall why you did this as opposed to Mr. Regan or the -- someone at the White House gathering these facts?

A No. I think that it came up that I should do it. And as I say, I may have said I would be glad to do it if he wanted me to, or have somebody else do it.

Q Was there any discussion -- Colonel North indicated in his testimony yesterday that you were doing this not as Attorney General, but as, "Friend of the President."

Did you see -- it may not be a fair question, but in your mind were you acting as Attorney General during this inquiry or as counselor to the President?

A Well, I don't know what I specifically thought about what my role was. Certainly I was -- as the principal legal adviser to the President, I felt an obligation to be sure that any testimony that was given was accurate, and that was certainly the principal motivation. So I would say that probably if you had to pick a role, that I was acting as the legal adviser to the President.

Q Did you consult with Mr. Wallison about this?

A No.

Q Now Admiral Poindexter was present at that meeting with the President?

A Yes.

Q Did you discuss with the President then exactly how you would go about that? Or did you leave the details to a later time?

A Well, I told the President that I thought the best way to go about it was to talk with all of the various individuals who might have information and to then present an outline of what had occurred; and he asked me to do it, to see if I could get this accomplished by 2 o'clock on Monday, because at that time, I believe, there was an NSC or NSPG meeting scheduled to discuss the Iran situation.

Q Did you meet after the meeting with the President -- did you meet with other people at the White House, or the same people?

A My records show -- or a chronology prepared by my office shows that I had lunch that noon with Mr. Reynolds, Mr. Cooper, and Mr. Richardson; that I met with Judge Webster at 1:45, I believe on another topic; and that I met with Mr. Reynolds, Mr. Cooper, Mr. Bolton, and Mr. Richardson at 2:15, and also probably Mr. Eastland at that time, that I called Mr. McFarlane at 2:28, and that I met with Mr. McFarlane at 3:30 that afternoon.

Q Getting back to after you met with the President, and that meeting, I take it, occurred around 11 o'clock in the morning?

A I believe it was 11:30.

Q Do you recall how long it took?

A I think it was probably 15 or 20 minutes, probably as much as a half hour, not any more than that, I don't believe

Q Where did you go right after -- was this in the Oval Office?

A Yes.

Q Where did you go right after that?

A I may have talked with Mr. Poindexter, although I don't recall that, or Mr. Regan walking down the hall, but I believe I came back to the Department of Justice.

Q Was there a discussion at that time with Admiral Poindexter and Mr. Regan about sending a team over from the department to review NSC documents?

A No. No. I think I talked with Admiral Poindexter in the day on that, because the first thing I wanted to do was develop a plan for what we were going to do, and I had not done that while I was at the White House.

Q Did you tell Admiral Poindexter that it was your intention to interview people about this?

A Well, I think that it was certainly implicit, if not explicit, in what we discussed with the President, that I would talk with various people who might have information, yes.

Q Did you tell Admiral Poindexter -- now this is at least 11:30 -- I guess about 12 o'clock, did you tell him that -- did you give him any instructions? In other words, to have his people get their documents together or that you would be interviewing his people, or get

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their schedules cleared?

A Not that I recall.

Q Do you recall -- did you speak to Oliver North any time on Friday the 21st of November?

A Not that I recall.

Q Did you communicate in writing with him at any time?

A Not that I recall. I doubt if I communicated in writing with him.

Q Did he call you at any time on the 21st?

A Not that I recall.

Q When you did call, if we can skip ahead, to Admiral Poindexter, some time around 3 o'clock, I believe, that afternoon, is that when you told him to get the documents ready, or that they would be reviewed?

A To the best of my recollection -- and this is all fairly hazy about the specifics -- but in the planning meeting that I had with Mr. Richardson, Mr. Cooper, Mr. Reynolds, I made a list of the different people that I wanted to talk to, either then,or during the course of the early afternoon; and then I also made a list of the kinds of things we needed to do. And one of the things that in order to try to piece things together a coherent account was to look at any documents that might help in that regard.

So in the course of the afternoon -- and I am not sure exactly what time -- I do know that I apparently made a call to Mr. Poindexter at 2:58 p.m., on the secure line. So it is entirely possible that it was at that point that I said that we would be sending some people over to review documents, to assist in the fact finding on the following day, and probably in that conversation I asked him for a point of contact to assist with that, because I know he did assign Commander Thompson, Paul Thompson, to that task.

Q Did you distinquish which records you wanted to see?

A No. I think we talked about seeing documents relating to the Iran initiative.

Q You didn't say you wanted to see McFarlane's documents, North's documents?

A No. We wanted to see any documents there that they thought might be helpful.

Q At that point, were you aware of what is now known as PROF messages?

A No. As a matter of fact, I don't know I was aware of that until I heard it in the recent hearings. But I certainly was not aware of them at that time. Or at least I don't recall being aware of them.

Q Did Admiral Poindexter have any questions for you at that point?

A Not that I recall.

Q Did he say that he had already alerted his staff to the possibility that you would be making this inquiry?

A I don't recall whether he did or not.

Q You mentioned that around 12:45 you met with Mr. Reynolds, Mr. Cooper, and Mr. Richardson?

A Sometime -- my notes -- the chronology that was prepared said I had lunch with them. Yes. It says, had lunch with them. It doesn't say a specific time. Some time, I would say, between 12 and 1, we began and I note that I met with Judge Webster at 1:45. So it was some time between 12 and 1:45 that we had lunch.

Q And why did you select those individuals to help you in this investigation or in this inquiry?

A Well, I selected Mr. Cooper because he was the head of the Office of Legal Counsel which provides the legal advice on National Security matters. I selected Mr. Reyonlds because at that time I had asked him to coordinate national security matters generally within the Depatment of Justice, the various components, and we were in the process then of setting up kind of a coordination group, or doing some research at least on doing that. So he was the one who had that responsibility. And then normally, I would have assigned my counselor, Ken Cribb, as the fourth one and he was on vacation at the time. So I assigned his assistant, John Richardson.

Q It seems, from what Mr. Cooper has told us, that they had quite a large task at hand. Did you ever, during that -- during that whole weekend, consider bringing more attorneys in to help them review documents or interview witnesses?

A I don't recall it. I am sure if we had needed it, I would have at the time, but I don't recall either considering it or feeling the need to do that.

Q Did they ever ask for assistance?

A Not that I recall.

Q Do you know whether or not any of these attorneys have had any criminal investigative or trial experience?

A Well, Mr. Reynolds has had an extensive trial practice. He was primarily in civil work. Mr. Cooper, I do not believe has had any major criminal experience, and I know Mr. Richardson has not. And, for example, at the time there was -- I was not looking for people with criminal experience. I was looking basically for people with national security experience, or general competence, as in the case of Mr. Richardson.

Q Did you consider then, perhaps, bringing in Mary Lawto or someone from that division of the Department of Justice, who works every day with [redacted]

A No. No, I didn't. Because I was looking more at people who were concerned with national security policy

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rather than intelligence policy.

Q Why did you brief Director Webster on this on Friday?

A My best recollection is he was in here on another matter, but it was just a matter really to discuss with him, as a member of our management team, the whole subject of whether we should bring in the FBI or not. And as I say, my recollection was he was here on something else, but he may have come over specifically, but I would -- I just wanted to discuss, with him at least the possibility -- the reason I brought it up with him was to discuss the possibity of whether it would be appropriate to bring in the FBI which would be another resource for conducting this inquiry.

Q Did you speak to Director Webster after that on Friday the 21st?

A Well, my records -- the records that have been constructed here show that he called at 6:09 p.m.. And I can't recall what that conversation was about.

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SLK #3

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Q You say you can't recall what you discussed.

A In the later conversation, no, I don't recall.

Q Might you have discussed the inquiry and the Iranian subject? In other words, would you have recalled that kind of discussion as opposed to some other subject matter?

A No. I just don't have any recollection at all of what we discussed at that time.

Q Has he ever reminded you of that since?

A No. Not that I recall. We haven't discussed it since.

Q If we can jump ahead, as long as we are on Director Webster. After your press conference on the 25th when he came over to the Department of Justice, did he express to you any concern or displeasure at not having been involved in the weekend inquiry?

A No, not that I recall.

Quite the contrary. My recollection, and certainl we have had discussions since, and they were clear that he has always felt that we both concurred that it would not have been appropriate to bring the FBI in based on what we knew on the 21st.

Q At or about 2:25 or so that afternoon--

A Which afternoon?

Q Friday afternoon, the 21st.

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A Yes.

Q Mr. Bolton briefed you on Mr. Casey's testimony and you had a meeting with Mr. Cooper and Mr. Reynolds and Mr. Richardson?

A My notes show I met with all of them, including Mr. Bolton, at 2:15.

Q Was there any discussion during that meeting of the possibility that some of the TOWs may have been diverted to the contras in Nicaragua?

A Not that I recall.

Q Was there any discussion of Nicaragua at all during that meeting?

A No. Not that I recall.

Q When you called Mr. McFarlane, do you recall where he was when you spoke with him?

A I don't recall where he was and I'm not sure I would have known because my secretary would have tracked him down wherever he was.

Q Do you recall any particular difficulty in getting hold of him?

A There may have been difficulty. I am not sure. I have a vague recollection of that, but I can't be precise.

Q When you told him what your task was, did it seem to you as though he was hearing this for the first time or had he been made aware of the fact that you were

SLK #3

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going to be inquiring?

A I don't know and I don't have any reason to believe that he had been aware. My impression now is that this was the first he'd heard of it, but I can't be sure.

Q As to the--

A My notes show that I called Mr. McFarlane at 2:28, according to the records that have been constructed here.

Q Did you ask him to bring any documents with him?

A No. I just asked him if he would come in. I think we had decided over lunch that that would be the logical starting point for the inquiry.

Q Because he presumably would know the most about how this started?

A Yes.

Q In terms of the order of the witnesses or the people you tried to interview, was that the general logic behind why you did it in that particular order?

A I think it was a combination of who was available and we had a list of people that I wanted to talk with, and then it was a matter of--I think with Mr. McFarlane, that that was the logical starting point because he would know the most about it and how the whole thing got started.

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Then there were others I wanted to talk with. Some of them just happened to be fortuitous. For example, that evening, George Shultz called me. He, I think, had been out of town. I think I had placed a call to him. Maybe he had heard it from Mr. Poindexter. He knew I would want to talk with him. We arranged to do that the next morning at 8 o'clock. I was trying to suit his convenience. I am not sure whether he was playing golf that day or not. Anyway, we got together the next morning at 8 o'clock. He was readily available and wanted to be cooperative.

Q Did Secretary of State Shultz tell you that he had visited with the President on this matter on or about the 20th?

A I don't know whether he told me then on the phone or whether he told me the next morning, but I do know he told me that. I know he--I am sure repeated it. If he already told me that, he repeated it the next morning.

Q Did he say that he had visited the night of the 20th with the President?

A I think that's when he told me he had visited with the President, yes.

Q Did he say he had discussed with the President this discrepancy or differences of opinion in Mr. Casey's testimony?

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A Yes. My best recollection is that he did tell me that.

Q So, when you were telling the President this on Friday morning, this was not the first he had heard of it presumably?

A I guess that's correct.

Q Why did you want to interview Mr. Sporkin?

A Because somewhere along the line, possibly from Mr. McFarlane, we learned that Mr. Sporkin had been involved in this. I probably would have wanted to interview him anyway. The General Counsel of the CIA would be knowledgeable about anything like this. Somehow that had come into the picture, probably as a result of my conversation with Mr. McFarlane; and I think Mr. Sporkin was interviewed in that order simply because he was availabl at that time.

Q But your recollection is that Mr. McFarlane had mentioned Judge Sporkin's name?

A I don't know whether he did this or what.

Steve, let's look at that list that I made. If you could get that document for me just to see, that may jog my memory.

Q While he's looking, it is my recollection that Judge Sporkin's name comes actually fairly high on the list. I'm curious as to why he may have been more important to interview than--

A Probably had to do with the fact that he had looked into that Hawk shipment or the finding that resulted from it, and that probably came from my conversation with Mr. McFarlane. But I don't recall, or it may just be that somehow I had learned that he was--

MR. LEON: Are you referring to this?

THE WITNESS: That's Cooper's. Let's see. I think--

Here we are. Actually what I was doing, I was listing McFarlane as the first one, Shultz, North, McMahon, Sporkin, CIA Deputy Associate Director for Operations who authorized the flight in November 1985. So I was really taking this in kind of a stream of consciousness as I had heard these stories.

BY MS. NAUGHTON:

Q This list was made when?

A Made by me on the 21st of November.

Q And--

A I'm not sure where I got a lot of these names, Dietel, Deputy General Counsel of CIA. They may have been suggested by Chuck Cooper. Probably a lot of this came from Chuck Cooper because he had been out at CIA and knew a lot of the people involved.

Probably the suggestion of Sporkin actually came from him, I would suspect, rather than McFarlane, now that I see this list.

Q When you were meeting with Mr. McFarlane, did either you or Mr. Cooper tell him about the Shultz--that Shultz recalled a conversation in November of 1985 regarding the Hawk shipment that differed from his rendition?

A I'd have to look at my notes to see whether I did. Let me just see if I can find that.

Yes. I'm sure we did discuss it. Well, I'm not sure.

Q Maybe I can approach it--

A Oh. Yes. Yes. Here. These are the notes here. At the summit in Geneva, he learned that Israel had shipped oil equipment. Rabin called from New York and said they had a problem with the shipment to Iran. McFarlane said he asked North to assist. North reported back that Israel had hit a snag in customs [redacted] and it may take a call to the Prime Minister A couple of days later he talked with him, with the Prime Minister [redacted] McFarlane said it was an important project and would appreciate his assistance.

He doesn't remember the chat with George Shultz. So, apparently, we did talk with him about it. But he probably had one, he said.

Q First of all, do you recall if you mentioned that there was a note that Secretary Shultz had?

A I don't remember whether we mentioned that specifically to Mr. McFarlane.

Q Do you recall--when the interview was concluded, was your understanding then that Mr. McFarlane believed that it was oil-drilling equipment until told differently when he was on his Iranian mission in May of 1986?

A That's what he told us, yes. That's what he told us at that time.

Q Okay. So, in other words, when you informed him of Secretary Shultz's recollection, did he dispute that or did he say, "Well maybe that's right"? Or did he say he definitely did not know until May of 1986?

A I don't recall, and the notes say that he said he didn't remember the chat with George Shultz, but he probably had one.

Q What was your impression of Mr. McFarlane's statement at the conclusion of the interview? Mr. Cooper testified that he felt he had not been totally forthcoming. What was your opinion?

A Well, my impression was that he was concerned about this and somewhat hesitant about certain aspects of it.

Q About which aspects?

A Well, my recollection is that he was somewhat

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hesitant about the aspects of the discussions with the President and the transfers that had taken place by the Israelis during 1985.

Q And what was his hesitancy or his concern?

A I don't know. Just looked to me like he was hesita about it. I don't know if he was having trouble remembering or what it was.

Q After the interview concluded--

A Yes.

Q And there came a point at which Mr. Cooper left the room and Mr. McFarlane had a short conversation with you. Can you tell us what you recall about that?

A I don't remember for sure whether it was while we were still in the room or walking out. But, at some point, he said something about--and this is to the best of my recollection--and that is that he had apparently given a speech or something in which he had taken a lot of the responsibility for this whole thing on his shoulders, and I think he made reference to that.

But he said something to the effect that he wanted me to be--to know that the President was basically behind this whole thing all along, and I said to him that it was a very important--that he be sure to tell the truth and that it was important to tell the truth about every aspect and not try to shade it one way or the other thinking he

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was protecting the President, that actually things that might have happened such as the President approving certain aspects of this might be helpful rather than hurtful, but the important thing was that he ought to tell the truth exactly as it occurred.

Q And by your reference to the President approving things that may have happened, did you have in mind the 1985 shipments? In other words, if there was Presidential approval?

A I didn't have anything particulary in mind, although that, in effect, was correct. Probably as a legal matter. But I didn't really have that in mind as much as it was getting across to him that he shouldn't try to predict how things would come out and how that would affect the situation, but that he should tell it exactly as it happened and tell the truth in every aspect of it.

Q There has been quite a bit of discussion about whether or not you discussed an oral finding or a mental finding with Mr. McFarlane on this or any other occasion. Do you recall if you did?

A I don't recall ever having that discussion with Mr. McFarlane. As a matter of fact, I believe that was checked later on with his attorney and he indicated that it was not with me that he had such a discussion, but that he heard that--that some other Attorney General had made a

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statement that an oral finding was appropriate.

Q You discussed this with him later?

A No. I think somebody in my office talked with him or his attorney later on and was made to believe that this was--that Mr. McFarlane, when he may have subsequently said that, was not referring to any conversation with me. But I have no recollection of ever discussing that with him.

Q Did Mr. McFarlane indicate to you whether or not he had told the President on November 18th, 1985, along with the Secretary of State, about the Hawk shipment?

A Let's see. I don't have a recollection of whether he did or not. I am trying to see if I find it in the notes. I don't see anything referring to it in the notes.

Q I don't believe there are.

A Yes.

Q Did Mr. McFarlane talk to you about his preparatior of the chronologies?

A I don't recall whether he did.

Q Did he make any reference to plans to shred any documents at the NSC?

A I don't recall any such conversation. I'd have to refresh my recollection from the notes, but right now, I don't recall any such conversation.

Q And did he tell you that any of the Iran proceeds had been diverted to the contra movement in Nicaragua?

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A No. I have no recollection that he did, and I don't believe that he did in our interview on the 21st.

Q Did you indicate to him that that conversation should be kept confidential, or the fact that you were doing an inquiry should be kept confidential, or anything to that effect?

A I don't recall that I did.

Q Okay. Now Mr. McFarlane called you, I believe, three or four days later to inquire--after this all became public, to inquire whether he was a subject of an investigation? Whether his phones were surveilled?

A Yes. This was, I think, sometime probably a week later and I don't remember--I have a vague recollection he may have been in London, but I am not sure. Or, maybe he was in this country. In any event, the London sticks in my memory, but I am not sure. In any event, he did call to ask whether, as I recall, whether he was either a subject of an investigation or whether his phones were tapped, something like that. I think I made a note of that some place. But, there was some sort of conversation like that that I had with him.

Q Did Mr. McFarlane indicate to you that he had spoken to Oliver North that day?

A I don't recall whether he did or not.

Q From--from let's say November--

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A Let me say there was another meeting with Mr. North on the 24th of November.

Q You mean McFarlane?

MR. BOLTON: McFarlane.

THE WITNESS: Excuse me. Another meeting with McFarlane on the 24th. Excuse me.

BY MS. NAUGHTON:

Q From November 14th of 1986 through, let's say, the 25th when you made your announcement, did you advise anyone in the United States Government or outside the United States Government to get an attorney?

A No. Not that I can recall.

Q Do you know whether or not anyone at the Department of Justice advised Oliver North, John Poindexter, or any of the people involved in this to obtain counsel?

A Not that I know of, that I recall now.

Q And you didn't instruct anyone to relay this message?

A No, I did not. Not that I can recall. And I doubt if I would.

Q Your chronology shows that at 6:55 you spoke to Secretary Weinberger or placed a call to him.

A This is on what day?

Q We are still on the 21st.

A Okay.

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Q There was another call the next day, and apparently another call on Monday. If we could lump these calls together while we are on Weinberger, you spoke to him, I gather, very briefly about these matters. What was his general state of knowledge or position on the matters at hand?

A Well, I talked to Mr. Weinberger on the 21st to try to arrange to meet with him. He told me then that he'd be glad to meet with me, wanted to cooperate. I told him why I wanted to meet with him, that the President had asked me to do this. He said he would be glad to cooperate and this was really more to alert him to what the President asked me to do. He said he would be glad to talk the next day, but his wife was going to be in the hospital and he would probably be available at the hospital, as I recall.

Then the next day, I think that I called him either at the hospital or at home, but I tracked him down somewhere and got him; and talked with him generally about this, as to what he might know and determined that he really didn't have any information that would be paricularly helpful, and he didn't really know any more about this than I already knew that he knew, and generally decided I would not meet with him on Saturday, that we would talk about it later on.

Q Did he tell you whether or not he knew in November

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of 1985 about the Hawk shipment?

A I don't recall whether that came up in the conversation or not.

Q Well, okay. If you didn't discuss that, or if you can't recall discussing that, what made you think he wouldn't be helpful in the inquiry?

A Well, I can't remember, but I just do remember that it didn't appear to me important to interview him any further, that he didn't have much information about it, and I think my best recollection, or best guess, really is that he said all he knew about the whole thing was he had given the orders for the Army to transfer the weapons that were the replenishments at various points and that he had not been more involved than that. That's my best recollection, but I don't remember the specific conversation.

In any event, I do know that it caused me to think that it would be less important to talk with him than some of the other people, that he didn't have very much information.

Q On Monday then, the 24th, once you learned that there had been a diversion of money to the contras, did you ask Secretary Weinberger if he had knowledge about that?

A I probably did. I don't remember specifically asking him, but I may--I may well have. I'm not sure when I talked with him that day.

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Q I gather your response is in the negative.

A The response would be in the negative.

Q And then at 7:05, still on Friday, the 21st, you spoke to Director Casey.

A Yes.

Q What did you discuss with Mr. Casey?

A I think probably telling him what the President asked me to do and saying that I wanted to get together with him sometime over the weekend. What I was basically doing was letting these people know what the President was asking me to do. They would be hearing about these activities and I wanted to let them know why I was doing these things. By then, I had covered all the members of the NSC basically.

Q Did you discuss with him the McFarlane interview, what Mr. McFarlane said?

A No. I don't believe so. I think it was a very brief call.

Q Now, on the 22nd of November, you had a meeting with Secretary Shultz in the morning?

A Right.

Q Did they actually show you the note that Mr. Hill had prepared?

A I don't think so, but I'm not positive. Mr. Cooper probably would be better able to tell us that.

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Q Did you, independent of Mr. Cooper, take notes?

A No. Mr. Cooper took the notes. Let me just--

MR. LEON: I have an exhibit here. CJC 17.

THE WITNESS: Let me take a look at that.

MR. BOLTON: That's redacted.

MR. LEON: Yes. A redacted version.

THE WITNESS: Okay. This is--this is the note?

MR. LEON: That is the note Mr. Cooper got Monday morning when he went over to see Sofaer and Hill. The question is whether or not they produced it Saturday morning to show you as well.

THE WITNESS: He got this the following Monday? I don't think it was produced on that Saturday morning. My best recollection is it was not produced. I think actually --I am not sure Charlie Allen--I mean Charlie Hill--I think that's it. Mr. Hill, in any event, that he had it with him at the time. I'm not sure. My best recollection is that he did not have it with him. I'm not sure. In any event, we did get it later on.

BY MS. NAUGHTON:

Q At 9:55, the records indicate you spoke again to Mr. Casey?

A Yes.

Q Do you recall what that was about?

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A No, I don't. Except it may have been I was going to get together with him later in the day or something.

Q Was he at home or at the office?

A I don't recall.

Q Did you discuss the Shultz interview?

A I don't recall whether I did or not. I may have told him that I had just talked with George Shultz, but I probably didn't discuss it in any detail.

Q Sometime mid-morning, then, you met with Mr. Cooper and Mr. Reynolds and Mr. Richardson?

A Yes. At approximately 10 o'clock.

Q And arrangements were made for them to go to the National Security Council offices for them to examine records?

A Right.

Q What were they looking for?

A Basically to look at whatever documents were there pertaining to the Iranian initiative so we could use that to develop a chronology or a coherent account, an overview of what had taken place.

Q You had chronologies from the NSC?

A We had chronologies, but it was a matter of now talking with all the people who had knowledge. I wanted to be sure we looked at the documents that might add to the overall review of the matter.

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Q When you discussed the review, prior to the review, were there any specific areas that you wanted to focus on or documents you wanted to look for?

A No. Just in order to be complete, just so we were talking with each of the people that might have information, we wanted to see whatever documents there might be also.

Q So you didn't focus, for instance, on the Hawk shipment?

A No. It was to look at all the documents pertaining to the Iranian initiative.

Q Did you speak with Mr. Poindexter that morning?

A My notes show that I did. My notes, the chronology shows that Mr. Cooper called Mr. Thompson at the NSC at 10:40, and that I called Mr. Poindexter at 10:45.

Q Do you recall what you told him?

A No, I don't.

Q Did you interview Judge Sporkin in the morning or in the afternoon on Saturday?

A I believe that we interviewed him at 11:10 a.m., according to the reconstruction of the time here.

Q Do you have an independent recollection of that?

A My recollection is that we did call him in the morning, that I called him in the morning and he said he could come down very shortly and that he did come in a little

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after 11:00 and my recollection is definite that we interviewed him before lunch and that lunch was fairly late that day.

Q Now, Judge Sporkin obiously told you about the November 1985 finding during that interview?

A Yes.

Q Was this the first you had learned of the November 1985 finding?

A I don't know whether I had heard about it before, but I know he went into a great deal of information about it.

Q Did he tell you why he never told you about it when you were preparing the January finding?

A No. Not that I recall.

Q Did you ever ask him?

A No, not that I recall.

Q If we can skip to lunch, after the Sporkin interview, at the Old Ebbitt, apparently you met at lunch with Mr. Cooper, Mr. Reynolds, Mr. Richardson?

A Right.

Q There was some brief discussion of events, and then Mr. Reynolds described to you this document which has become known as the diversion memo?

A Right.

Q Do you recall how he told you about it? In other

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words, what he said he had found and where he had found it?

A I can't recall specifically, but my general recollection is that they had found a memorandum describing the Iranian initiative which included a plan to divert excess funds from the Iran transaction to support of the contras in Nicaragua.

And I don't recall specifically whether he said where he found it, or in whose files. I have a vague recollection he may have told me he found it in Colonel North's files, or from Colonel North, but I can't be specific on that.

Q Do you recall what your reaction was?

A I was quite surprised.

Q Do you recall what the reaction of the others around the table was?

A I think everybody was quite surprised, except I think Mr. Richardson knew about it because he had been with Mr. Reynolds. Mr. Cooper and I were quite surprised.

Q Was it established at that lunch, was it clear in your mind, that Colonel North had written it, or was that still a question?

A No. I don't think we knew--my best recollection is we didn't know who had written it. That's why I am not sure it was found in Colonel North's files or in some other files.

Q Did you inquire of Mr. Reynolds whether there was

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a cover memo?

A I don't believe I inquired that of him. I can't recall exactly the conversation.

Q After--

A Because I doubt if I did, but I can't be sure because at that point I had not seen the memo. I don't think it was until later that I saw the memo.

Q After you heard of the memo--

A I don't think--do you remember whether I saw the memo, Steve?

MR. MATTHEWS: The best indication that we have got--

THE WITNESS: Okay.

MR. MATTHEWS: That would be the 23rd, the Sunday.

THE WITNESS: Yes.

It appears--it appears he may have brought a copy of the memorandum with him, in which case, I would have seen it.

MR. MATTHEWS: This is the 23rd.

THE WITNESS: Oh, I am sorry. It appears the first time I saw the memorandum was on the 23rd, on Sunday.

MR. LEON: Mr. Cooper testified, generally, that when you were interviewing North and showed him the diversion memo, he inquired of you whether you had found a cover memo. You said, "Why, should we have" or words to that effect.

THE WITNESS: I believe that's correct. I know that happened there. That's why I don't think I asked that question of Mr. Cooper at lunch on the 22nd.

BY MS. NAUGHTON:

Q After you found out that this memo existed and there was a possibility funds were diverted to the contras, did that change your strategy regarding the inquiry?

A It didn't basically change our strategy. It added another item of inquiry to it, but--because I had basically planned to ask Colonel North to come in anyway as the next person; and, of course, we did ask him to come in on the Sunday. I called him on the afternoon of Saturday, the 22nd, asked if he could come in on Sunday morning. He said that, to the best of my recollection, he said he usually went to church with his family on Sunday morning, would it be all right if he came in in the afternoon. I said yes and we established 2 o'clock as the time he would come in.

Q Was it discussed that he would be wanted for a interview on Saturday afternoon? In other words, did you want to speak to him right away? Or did you first ask him about Sunday morning?

A I can't recall specifically, but--whether I was asking him whether he would be available that afternoon, but I think I probably asked him to come in Sunday morning. I can't be sure.

Q Did Mr. Reynolds tell you whether or not he had discovered any other drafts of the memo?

A Oh. Excuse me for one thing. I probably did ask him to come in on Sunday morning rather than Saturday afternoon because Mr. Reynolds and Mr. Richardson were still conducting their review of the documents at the NSC, and I wanted to get that completed first before we talked to Mr. North. So, I'm almost positive that it was my suggestion he come in on Sunday morning at the earliest. I mean, that was the earliest time that I thought would be appropriate. Excuse me. Go ahead.

Q Did Mr. Reynolds tell you whether or not there were other versions of the memo?

A He did at some point. Whether it was then, or whether it was Sunday morning, I'm not sure. But, he did tell me there were other versions of a similar memo that did not have the references to a plan for diversion of funds.

Q Did you have copies of those? Did he obtain copies?

A I don't remember. I'm sure he did obtain them, or I guess he did obtain them. I don't remember ever seeing them. I did see the memorandum that had the plan for a

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diversion in it.

Q Were you aware that Oliver North was present while Mr. Richardson and Mr. Reynolds were reviewing documents?

A I think they told me that he had been in and out of the office, I think is the way it was described to me.

THE WITNESS: I have just been advised it is getting towards 12:30. I have somebody coming in at 12:30. Why don't we kind of come to a logical stopping point in the next two or three minutes.

MS. NAUGHTON: Certainly. I am about at that point.

BY MS. NAUGHTON:

Q Did either Mr. Reynolds or Mr. Richardson tell you that Oliver North told them that he had an attorney?

A I don't recall that now --that they said that.

Q Were you aware at any point prior to Monday the 24th that Oliver North had consulted with an attorney?

A Not to the best of my recollection, no. And I'm almost positive they did not tell me that. No one told me that or that we had any information. I don't think any of us had any information that he had an attorney on Sunday because, if we had, we would have been compelled, I think, probably to talk with his attorney. It's just the normal reaction any lawyer would have.

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Q Once the diversion memo was found, did you discuss possible leaks of that information?

A Leaks?

Q Leaks or what other parties would know about it?

A I don't remember whether we did. We may have.

Q Mr. Casey called you, I believe, that afternoon about 3:46?

A Yes.

Q Do you recall what you discussed?

A I think he said he had some things that he wanted to discuss with me. I agreed to meet him at his home that evening sometime at or after 5 o'clock. Mr. Casey lives over near where I do, and I said that I would drop in on my way home.

Q So, that conversation was just to set up--

A Yes. The meeting that night.

Q Did you ever actually sit down and interview Mr. Casey as you had with Shultz and McFarlane?

A No.

Q Why not?

A Well, I was planning to do that. We did have a conversation in which he told me some things on Saturday night. I knew basically--I had heard him from the meeting on the 20th, generally, what he knew. Of course, he had testified. And I had planned really over the course of the

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next period of time to talk with him, I think, in the sense that the finding of the so-called diversion memo short circuited that because I wanted to find out whether there was any truth to it, which is what we did on Sunday, and then to talk to the President about it, which is what we did on Monday. So that, in a sense, that--what would have been a normal discussion with others in the same sense that we had was cut short, in a sense, by trying to get--by finding this and then wanting to be sure that this was brought to the attention of the President.

Q So, I gather your testimony was that you had planned on doing it, but events--

A Well, I had in mind talking to Casey at greater length, yes, as I had with all of these people, to get whatever additional information they had. But the best of my information, of Mr. Casey's part, I already knew, generally, what he knew based upon his testimony and the memorandum that we saw on Thursday; whereas, I had not gotten the same kind of detailed information, for example, from Mr. McFarlane, Mr. Sporkin, Mr. North.

Q From the McFarlane interview, Sporkin, and from what you indicated before, Mr. Cooper was there sort of to take notes? You didn't take notes?

A That's right. I did not take notes.

Q Was that your general plan to have a notetaker

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with you?

A Yes. I wanted somebody other than myself to take notes.

Q Why was that?

A Oh, so I could ask the questions.

Q Okay. So, you didn't take any notes of any interviews throughout the whole weekend?

A Not that I can recall. I doubt if I did.

MS. NAUGHTON: This might be a convenient stop.

THE WITNESS: Very good. We will see you all in one hour.

End

(Recess at 12:30 to reconvene at 1:30 p.m.)

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1:45 p.m.
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AFTERNOON SESSION

EXAMINATION ON BEHALF OF HOUSE SELECT COMMITTEE

(Continued)

BY MS. NAUGHTON:

Q We are back on the record.

Let the record reflect it is about 1:47.

We were around the date of Saturday, November 22nd. I had one question relating to Friday. After you sat down with Mr. Cooper, Mr. Richardson, Mr. Reynolds and had sort of a game plan, if you will, of people to be interviewed and documents that you wanted to review, why didn't you send someone over on Friday to review documents at the NSC?

A I think the idea was we wanted to do it the next morning. We had a number of things to do on that afternoon and there was no particular urgency to it.

So it was just a matter of going through those things.

Q What were Mr. Richardson and Mr. Reynolds to do then on Friday afternoon?

A As a matter of fact, I don't think at that point we had even determined it would be Mr. Reynolds and Mr. Richardson. I think we probably determined that on Saturday morning as we apportioned out tasks that day. They were to review the documents and develop -- get selected documents that might be useful in providing information to prepare an overview of the activities that went on and to know what documents there were.

I think it was anticipated that there would probably be inquiries from Congress and it was to be sure that we knew what documents were available and what kinds of documents there were, particularly anything that would give a sense of particular dates or other things that, other people tnat we ought to talk to and so on, just so we had a basic documentary background for the fact-finding we were doing.

Q So the answer to my question as to why this wasn't done starting Friday afternoon --

A Was there was no urgency to it. I think we were doing other things to prepare that afternoon. The idea was -- I am not sure what Mr. Cooper -- Mr. Cooper was working with me and Mr. McFarlane. I don't know what the others were doing. They had other things to do in their normal duties.

Saturday seemed like a good day since they wouldn't have their normal round of appointments.

Q Skipping back to Sunday evening, I guess around 6:00 p.m. or so, you went to Mr. Casey's home.

A No. That would be Saturday evening.

Q Yes. Saturday evening. I am sorry.

A You said Sunday.

Q Okay.

At Mr. Casey's house, do you recall how long that visit lasted?

A I would say it was probably an hour perhaps. I may have some notes on that.

Do we have any notes relating to that?

I don't think we do. Or testimony as to that.

MR. MATTHEWS: I don't recall any. There may be a notation on a log.

THE WITNESS: All right. Go ahead.

BY MS. NAUGHTON:

Q Who else was at Mr. Casey's home?

A If I remember correctly, I think his son-in-law was there and possibly his daughter and also his wife were there. Not in the room while we were talking, but they were there in the house. I saw them at that time.

Q Other than family members, was there anyone from the U.S. Government?

A Not to my recollection, no.

Q When you spoke to him, did you speak to him alone or in the presence of his family?

A No. I met with Mr. Casey by himself.

Q Was this recorded in any way?

A No. No. It was a very informal conversation.

Q And what did Mr. Casey want to speak with you about?

A Well, he told me that he had had a contact with a man by the name of Furmark, who was a former business associate of his, or someone he had known through business and he told me that Mr. Furmark had come to him about a month earlier, that he had told him that there were some people, apparently Canadians, who had somehow put up some money for the bridging financing of the Iranian initiative or the arms transactions and that they had not been paid back all of their money and that they were threatening to go public with it and, therefore, expose the whole Iranian operation.

Mr. Furmark had come to him before this became public.

Q So he came to him sometime in October then?

A Yes.

Q Did Mr. Casey explain to you why he waited until now to tell you about that?

A Well, there was no reason to tell me about it. It was just at that point that I was getting into this fact-finding and he felt this was something I ought to know, so that I would have all the facts as the President had asked me to.

Q Did Mr. Casey also mention that Mr. Furmark had told him that he suspected or that others suspected some of the profits from the Iranian arms sales went to the contras in Nicaragua?

A I am trying to remember. He told me that, if I remember correctly, that Mr. Furmark had told him that if they were not paid, the Canadians would claim that money from the

Iran arms transaction, presumably the money they were supposed to get had been used instead for what I believe he described as Israeli or United States Government projects.

Q And was he specific?

A I don't believe he was specific. I am sure that he did not mention anything about Central America, but I think it was a matter of -- I think the description, if I recall correctly, was United States and Israel Government projects.

Q And that is what Mr. Casey is relating to you?

A Yes.

Q Did Mr. Casey then discuss with you whether --

A And he said they were doing that in order to put pressure on the United States to make up the difference in the money that they had not been paid.

Q Did Mr. Casey then relate to you that one of these projects might be funds to the contras?

A No. That did not come up during that conversation.

Q Is your testimony then that there was no discussion of contras or the Nicaraguan resistance with Mr. Casey on Saturday evening?

A I don't believe that came up, no.

Q Do you know what Director Casey's relationship was with Oliver North?

A No, I don't. Other than just -- I really don't know how closely or -- how closely or remotely they happened

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to work together.

Q Did Mr. Casey ever discuss Colonel North with you?

A Not that I recall.

Q Did Director Casey make any reference at all, not just in this conversation, but in any conversation you have had with him, to any directions he had given Colonel North regarding the destruction or shredding or altering of any documents?

A No. I have never had any discussion with Mr. Casey about that.

Q Now, on Sunday, you spoke to Mr. Casey again in the morning. Do you recall what that was about?

A I don't recall talking with him on Sunday. And I don't see any notations that I did.

Q I have one other question --

A Wait a minute. Here it is. Yes. I did talk with him, as a matter of fact, on the 23rd of November, because I see a note here. I talked with him at 10:10 approximately.

And I think that we were interested in the names of CIA people who might have been involved in any of these transactions. And he said that he would make available the names of Americans and foreign persons except those still involved in operations, presumably operations within Iran, and he said those we could identify on a person-by-person basis if they really became important.

Q Now, on Saturday, either on Saturday evening, when you spoke to Mr. Casey, or Sunday morning, did you tell him about the diversion memo?

A When I talked with Mr. Casey on the 22nd?

Q Saturday?

A No, I did not.

Q Why not?

A Well, for one thing, I didn't know what we had at that time, because we had not -- we just had the memo. We had not verified whether there was anything to it. Also, I guess it is just a natural lawyer's instinct not to talk about anything until we had more or to talk about any of the people that I might be talking with later on about this.

Q Well, you spoke to Mr. Poindexter and Mr. Regan, Mr. Bush, and others on Monday morning about it.

A Well, but that was after I had talked with Colonel North and knew what -- in fact, that there had been such a thing.

Q When did you first then discuss the diversion situation, the memo and the diversion itself with Director Casey?

A I believe it was on Tuesday morning when he called me about 6:30 just as I was leaving the house and asked if I would come by his house on my way to work, which I did.

Q And he heard about it from whom?

A He heard about it, I believe, from Don Regan the previous evening, I believe.

Q And if we can jump ahead then to that conversation, what did he know of it or what were his comments about it?

A Well, he had heard from Don Regan that there had been a diversion and that Poindexter was planning to resign and that Don Regan felt that Poindexter should resign immediately and probably -- I don't know whether North was discussed, too, or not.

Q So I take it you gathered from your conversation with Mr. Casey on Tuesday morning that the diversion was news to him? He was learning it for the first time?

A Yes. I felt, and certainly in our conversation on Saturday night, there was no indication that he knew anything about it and I later learned that when -- that after he had gotten the Furmark information, that he had talked with Poindexter and possibly North, I am not sure, about this whole matter and that they had assured him there was nothing to it.

Q Do you recall when he might have spoken to Admiral Poindexter and Colonel North about that?

A No. I think this was contained in some documents that Mr. Casey had that I saw later on.

Q These were documents sent over from the CIA?

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A Sent over from CIA, right.

Q Do you recall were they handwritten notes or memoranda?

A I think they were memoranda. We have them. I think they were memoranda. We have them. I think they were typed memoranda.

Q I am going to ask the reporter to mark a document as Exhibit number 1.

(Exhibit EM-1 was marked for identification.)

BY MS. NAUGHTON:

Q Did you recover the CIA --

A I have here the documents which you have copies here including a letter to me dated the 25th of November, 1986, from Bill Casey and enclosing an undated memorandum to John Poindexter which is not signed by Mr. Casey, a memorandum for the Director and Deputy Director of Central Intelligence from Charles Allen dated the 7th of November, entitled "Meeting with Roy M. Furmark", and a memorandum dated the 17th of October 1986 to the Director and Deputy Director of Central Intelligence from Charles Allen, subject, "Ghorbanifar [redacted] Channel", and other documents relating -- dated -- memorandum -- memoranda to the DCI and DDCI dated the 14th of October regarding problems with the Iranian initiative.

Q It i[illegible]

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A You have copies of these, I believe.

MR. BOLTON: Yes.

MS. NAUGHTON: I don't know we have a full set.

MR. BOLTON: If you by any chance don't have them, they are with the Independent Counsel or still in the redaction process. They can and will be produced.

BY MS. NAUGHTON:

Q Showing you what has been marked as Exhibit EM-1, are these your notes?

A No. These were not mine.

Q That is my first question.

A Oh.

Q These are notes that I took from a file sent to the committee from -- marked from the Attorney General's files?

A I have no idea who these are.

MR. BOLTON: It is entirely possible there would be notes produced from the Attorney General's files that were not in his handwriting.

BY MS. NAUGHTON:

Q Do you know whose handwriting that is?

A No, I have no idea.

Q The subject matter on the memo obviously is dated -- or on the notes is dated November 25th?

A Yes.

Q Talking about some of the matters at hand?

A It says, "notes from Tuesday a.m., look through Poindexter and Thompson -- " -- that is "Poin", p-o-i-n, slash, "Thomp", t-h-o-m-p, "files dated the 25th of November".

Q What I would like you to direct your attention to is the third dash. It says, "Ollie memo, mid file, Ollie brought over last night".

Is that a reference that Oliver North was -- was brought over to the Department of Justice?

A I have no idea. I have never seen this before, to my knowledge.

Q If I could direct your attention to page 2?

A Yes.

Q It says there, "Casey said told 14 September".

Do you know what that is a reference to?

A No.

Q Thank you.

After you had discovered or your people had discovered the diversion memo, did you call Admiral Poindexter or did you attempt to try to call him?

A Excuse me. One question. When we get the transcript back to look at it, since this will be an exhibit it is included, will this be included with the transcript?

Q It should be.

A Then we don't have to make a copy now.

MR. MATTHEWS: It is in the file.

CAS-12 THE WITNESS: Okay.

BY MS. NAUGHTON:

Q Did you attempt to speak to Admiral Poindexter after discovering the diversion memorandum or --

A On?

Q Saturday night or Sunday?

A No.

Q Is there any reason why not?

A No. None that I can remember.

I think by the time we were through on Sunday, it was fairly late in the evening, seven o'clock or eight o'clock, thereabouts. And on Monday, my main interest was in advising the President of this whole situation.

Q Did you see -- during that weekened inquiry, did you see any other documents taken by Mr. Reynolds or Mr. Richardson from the National Security Council offices other than the diversion memo?

A I don't recall whether I did or not on Sunday, whether I saw any.

Q Do you recall seeing any other on Monday?

A Or on Monday.

Q When Oliver North showed up at the Department of Justice around 2:15 on Sunday afternoon, he was alone, I take it; is that correct?

A Yes.

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Q Did he say he had retained an attorney or consulted with an attorney?

A I don't have any recollection that he did, no.

Q Did anyone in the room ask him if he had an attorney?

A No. Not to my recollection. I doubt if they did.

Q Did you take any notes of that interview?

A No. Not that I recall.

Q What do you recall Oliver North telling you about the November Hawk shipment?

In other words, let me make my question more pointed and save some time. Did he indicate that he knew at the time the missiles were shipped that they indeed were Hawk missiles in November of 1985 or did he stick with the oil drilling story?

A What he told me was that he learned of a shipment from Israel to Iran, that Israeli officials contacted McFarlane and said it was important to the Iranian initiative that a shipment of oil drilling equipment be completed. He said he was asked by McFarlane to assist with landing rights and Customs [redacted] and was obtaining air transport for Israel. North said -- and this was -- to answer your question specifically, North said that Secord later told him the shipment was Hawk missiles not oil drilling equipment.

Q Did Mr. -- Mr. Cooper testified that North then added he suspected it wasn't oil drilling equipment but he

'AS-14 could pass a lie detector on that question. Do you recall him saying that?

A He may have. I don't specifically recall it at this time. I am looking at the notes that were taken contemporaneously. I don't see anything here.

Q I don't think there is a reference to it.

A I see the notes here that say that North was told it was oil drilling equipment. He said I wondered if it was not. This is what he said.

But he first knew that it was not from Secord.

Q Now, can you tell us how you presented the question of the diversion of the monies to the contras?

A Say that again.

Q How you presented that? How you began to question him on that?

A Yes. Again, if I may, I will -- I will make reference to these notes here.

Q For the record, those are Mr. Richardson's notes?

A Mr. Richardson's notes.

Okay. I showed him a memorandum and asked if it was something that he had prepared. And I mentioned that it is -- in terms of reference, it was dated some time in April of 1986. And that it was with reference to the Iranian initiative and that it had talked about on the 13th of September with the endorsement of the U.S. Government the Israelis transferred 508 TOWs and he told me that he didn't know who had prepared the memo.

He thinks that it may -- well, I am not sure now at this point whether he -- no, I am sorry. Strike that.

Let me go back. When I mentioned 508 TOWs.

There was a discussion of who had given the endorsement of the U.S. Government and he said he didn't know who did it.

He thought it was McFarlane based on a general understanding from Ronald Reagan, President Reagan, and then at that point, I said there is some who have a concern to protect the President, but we need to know the facts. And then he said something about everyone that he had talked to in the Israeli Government, Peres, Rabin, [redacted] said that it was at the U.S. request.

But they did not get that information from North. And then there was a discussion generally of who authorized this and then I went back and, anyway, we had talked about the memo generally and what it contained, about the Iranian initiative generally.

Then I said, now, referring your attention back to the memo, it appears to have been written between the fourth and seventh of April and mentions the use of the money being transferred to the contras, and asked him -- and then asked him what he [illegible]

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And at that point, he was visibly surprised that the memo had that proposal for the transfer of funds to the contras in it and it was at that time that we then went into the details of this and he explained about these transactions.

Q When you say "visibly surprised", did he say anything or was that just from his expression?

A I think just from his expression generally and demeanor.

Q Did he ask if there was -- if you had found a cover memo?

A I think at one point, and again I am going to -- I think he was asked if the President had approved this or if the President had seen this, something to that effect, and he says, was there a cover memo on it. Or did you find a cover memorandum or something like that.

And I can't remember exactly the conversation, but I believe Mr. Reynolds may have indicated that they did not -- that there was no other cover memo with it.

And then there was a discussion about, well, if the President okays something, does it go into the working files of the NSC, and either he said that or he was asked that question, according to the notes, and then I said, according to these notes, if the President approved it, you would have it, wouldn't you?

And [illegible] think it was approved.

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CAS-17 And then I asked if there were any other files over there, did they keep, for example, a file of approved presidential directives? And he said he didn't know.

Q Did you ask him who else had seen the memo or had access to it?

A I don't recall that being asked at the time.

Q Did you ask him if there was a cover memo?

A It may have been. That may have been asked if there should have been a cover memo, and if so, I don't have any recollection he said there should have been.

I think the reason being that this particular memorandum was obviously not a presidential decision memorandum and that is probably why he asked if there was a cover memo in the context of whether the President had seen it or approved it.

Q Did he say it had been -- the diversion had been approved by anyone?

I am not talking about who might have known about it, but approval.

A Yes.

I am trying to recall, and -- I asked if it was discussed with Ronald Reagan and he said not by me, not by him.

Then he said Poindexter is the point of contact with Ronald Reagan. My recollection is that he did tell me that

Poindexter knew of it. I don't believe the question specifically -- of authorization came through, but he did say that -- he told me that three people -- there were only three in the U.S. Government who could know about this, and that was McFarlane, Poindexter, and North.

Q What about outside the Government? Did he say that Mr. Secord was involved in the diversion of funds?

A He did not say anything about Secord that I can recall in that context. He did say that certain Israelis knew about it.

Q And that would be Mr. Nir, or others?

A I believe it was Mr. Nir, but I am not positive.

Q All right. And did he say that Albert Hakim knew of the diversion?

A That name did not come up to my recollection in the conversation at all.

Q But to skip for a minute, did you learn on Monday that Tom Green, the attorney who spoke to Mr. Reynolds, and Mr. Cooper had indicated that it was Mr. Hakim's idea to divert the funds to the contras?

A I don't believe I learned of that, because I didn't have time to go into those details with Mr. Reynolds on Monday.

He did tell me that Mr. Green had talked to him, but I don't --

Q At any rate, were you aware that Mr. Green knew of the diversion on Monday? That they had spoken about it?

A I don't know all of the details of that conversation that Mr. Green had with Mr. Reynolds. Mr. Reynolds told me that they -- that Mr. Green had talked to him and the basic points of that conversation was that there was nothing particularly new in what Mr. Green had told Mr. Reynolds that would be helpful to me as I was going through this thing on Monday.

Q Did Mr. Green serve as a confirmation that the diversion had taken place?

A I don't know. You would have to ask Mr. Reynolds that. My conversations with him were very brief about the whole thing.

Basically, Green's conversation with him added nothing particularly new that I would need as I was pursuing the various things I was doing on that Monday.

Q Now, when Oliver North --

A Let me go back, if I may, as to the diversion. What North did say was CIA had no knowledge of the diversion. He did say that no other U.S. officials were involved other than the ones mentioned. No other U.S. officials were involved besides himself, that McFarlane and Poindexter were knowledgable and that among the Israelis it was Nir involved, perhaps all by himself.

CAS-20 Q Did he indicate whether anyone at Southern Air Transport knew, since Southern Air was involved in both the Iranian arms shipments and the contra resupply efforts?

A I don't have any recollection that he discussed Southern Air Transport at all.

Q When Colonel North mentioned Mr. Secord as being involved, is that the first you had heard of Secord's involvement?

A Yes. When he mentioned that he had been involved in the Hawk missile situation in November and he described how he got involved by saying that he was a friend of his and when he needed someone to work on this overseas, apparently Secord was in Europe, that he asked Secord to do it.

Q And were you aware at that time that General Secord had been investigated by the Department of Justice in the Edwin Wilson case?

A I think I had a general recollection of that name having been mentioned in some such context. I don't recall specifically that I knew of that at the time. It happened incidentally, at a time when I wasn't in the Justice Department

Q I gather Oliver North did not mention that he had altered any documents during his interview with you; is that correct?

A Not [illegible]

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Q And that he did not mention shredding any documents prior to the arrival of the Department of Justice team?

A No. I am sure that was not discussed.

Q After the interview was over, what was your opinion regarding whether he had been truthful with you?

A After the interview, I had no reason to believe and did not have any reason -- and did not believe that he had not been truthful. I felt he had been truthful with us.

Q From -- then from the time that the diversion memo was discovered and reported to you at lunch on Saturday, until you made the announcement at the Tuesday press conference, did you ever discuss with anyone whether on behalf of the Department of Justice or otherwise the possibility of keeping the diversion or the diversion memo quiet?

A No.

Q Did you ever instruct anybody not to disclose that information?

A Not that I can recall.

Q Did Mr. Cooper tell you that Judge Sofaer had called him on Sunday evening and expressed to him that Judge Sofaer had a concern about the obvious over-pricing of the missi[illegible] that maybe some of the monies might have been used to support the contras, given the involvement of Southern Air Transport in both ventures?

A I don't recall that -- any conversation with Mr. Cooper on that.

Q You don't recall Mr. Cooper telling you that?

A I don't recall Mr. Cooper telling me that.

Q The next morning, after a meeting here at the Department of Justice, you spoke to Mr. McFarlane in your office; is that right?

A Yes.

Q Were you alone with him at that meeting?

A I believe I was, yes.

Q Did you take any notes?

A No, I did not take any notes.

Q Why not?

A I don't know. No particular reason. I was primarily interested in finding out from Mr. McFarlane whether he knew of the diversion of funds to the contras and, if so, under what circumstances he knew; essentially to corroborate or compare what he knew with what Mr. North, Colonel North, had told me. My recollection is that what Mr. McFarlane said to me -- and this was a rather hurried morning because I was trying to get this done so that I could get over to the White House, and I believe if I remember c[illegible]ame in about 10:15, just as I was en route to the White House. So I asked him whether he knew and my recollection is that he verified what Mr. McFarlane said that he had learned about it on the trip to Tehran.

Q What Colonel North had said?

A What Colonel North had said, that he had learned about it on the trip to Tehran from Colonel North and that that was essentially all he knew about it.

Q Did you ask Mr. McFarlane who else was aware of it?

A I don't recall whether I did or not.

Q Did you ask him -- did you show him the memo, the diversion memo?

A No.

Q Why not?

A I don't believe I did. I don't think I had the memo at that time.

Q Did you ask Mr. McFarlane whether or not he knew if the President had been told of the diversion?

A I don't recall whether I did or not. And I would -- probably not, because it appeared that his knowledge was very limited of the whole thing. It was just limited to what Colonel North had told him on the trip to Tehran, where it was more or less incidental in the conversation there.

Q Did you ask him why he didn't tell you this on Friday?

A No. I don't believe I did. It was a very hurried conversation, so I don't remember asking him that.

Q Did he indicate to you in any way that he had spoken to Colonel North since?

A No. I don't have any -- I don't recall that he did. I doubt if he did.

Q When you went to the White House that morning, did you go straight to see the President or did you meet with anyone prior to that?

A I believe I went directly -- if I remember correctly, I was late -- or I was -- it was very close. I was not there as early as I had planned, so I went directly to the meeting with the President and Don Regan, although I may have stopped by Don Regan's office first. I am not sure.

Q So you may have spoken to Mr. Regan prior -- just prior --

A I may have spoken to Mr. Regan just prior to going to see the President. I am not sure.

Q When you told the President about the diversion and Mr. North's confirmation, I gather Mr. Regan was present?

A Yes. It was just Mr. Regan, the President and myself.

Q Was that the first time that Mr. Regan had heard of it?

A I believe so, although I may have mentioned it to him before I saw the President, but I don't think so. I think when I talked to him and the President together, that was the first he knew of it.

As a matter of fact, the more I think about it, the more I think I went directly to the President's office and that Mr. Regan met me there. But I am not absolutely positive.

In any event, I believe the first time that I mentioned it to either Mr. Regan or the President was in the President's office.

Q Did you take notes of this meeting?

A No.

Q Do you recall whether Mr. Regan or the President took notes of this meeting?

A I doubt if either one did. Although Mr. Regan might have, but I doubt it.

Q To the best of your recollection, what did you tell the President?

A I told the President we had gone through the fact-finding process as I had indicated on Friday, that I had talked to the various people and that in the course of examining documents in the National Security Council staff offices on Saturday, we had come across a memorandum that included a plan for the diversion of excess funds from the sale of the weapons to Iran which were then diverted for the use of the freedom fighters in Nicaragua and that I had talked with Ollie North and confirmed that, in fact, that had happened and had then -- I believe I also told them I had also confirmed that -- Bud McFarlane knew about it from Colonel North.

Q And what was the President's response?

A Well, he was very much surprised. I would say shocked, as was Don Regan.

Q Do you recall what he said, the President?

A I can't remember exactly, but it was some expression of surprise.

Q And did he ask you anything more about it?

A Yes. We talked about it and the President -- the President said what we have got to -- at that time, we got in there, I think we got in the office late. That is what makes me think -- and the President had to leave at 11:30 because he was having a meeting, I believe, with Chief Bhutalezi from South Africa.

So the meeting was terminated abruptly. I said, Mr. President, I have to do some more on this, because there were still other people to talk to. And I said I will come back to you this afternoon after the NSPG meeting, so that we can continue to discuss this, because I had just told him and the meeting had to be -- very shortly after that, we had to decide what the next steps would be.

Q Did Mr. Regan leave with the President or did you stay and speak to him?

A I don't remember. I think he and the President probably left together.

Q And after you spoke to the President --

A Although I may have stayed there awnile. I may have met with -- no. I think I met with Mr. Regan later that afternoon rather than right then.

Q Was there any discussion at the morning meeting with the President as to if this would become public or how it would become public or what the next step was to take?

A No. I think that the idea was that we wanted to -- well, in the morning, no. The idea was that we wanted to -- there were more things I wanted to do, including finding out who else may have known about it, because I had not had a chance, for example, to talk to Admiral Poindexter.

And then I said we would get back together in the afternoon, which we did.

Q I gather then after the President and Mr. Regan left, you met with Admiral Poindexter; is that correct?

A My recollection is that I met with Admiral Poindexter after the NSPG meeting in the afternoon and before I met with the President.

Q Okay. So after your meeting with the President, let's say it is around 11:30, what did you do?

A I think I came back here to the Department of Justice because my notes show -- my notes show that I came back here and met with -- or at least reconstruction of my notes, that I met with Mr. Reynolds, Mr. Cooper, Mr. Cribb, who had returned from vacation at that time, or whichever he had been, and Mr. Richardson at 12:30 p.m.

Q After meeting with them, you went back to the White House?

A No. I met with them at the White House -- oh, yes, I went back to the White House for a two o'clock meeting.

Q So you did not confirm then that Admiral Poindexter knew of the diversion then until some time Monday afternoon?

A Monday afternoon, right.

Q And when you spoke to Admiral Poindexter about it, were you alone with him?

A Yes. I was alone with him.

Q Did you take notes of that?

A No, I did not.

Q Do you recall if he took notes?

A No, I don't believe he did.

Q What did Admiral Poindexter tell you about -- in response to your questions?

A He said that Ollie North had given him enough hints of what has been going on so that he should have

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known or did know what was going on on the diversion, but he said he had not inquired further.

Q Did you ask --

A Then he said that he had not told either the President or Don Regan and he said that he thought when this all became public that he would probably have to resign.

Q So then did you ask Admiral Poindexter if he had told the President about the diversion?

A I asked him. Yes. I believe I asked him or he told me. I asked him had he told anyone else or did anyone else know about it. And he said that he had not told the President or Regan.

Q Did Admiral Poindexter indicate to you who authorized the diversion?

A No. He did not say that anybody had authorized it.

Q Did you get the impression from him that this was just Ollie operating on his own?

A I got the impression that it was something that had happened which he knew about or had learned about and which he allowed then to go on. And then he indicated to me that at that point he said I knew when this became public that I would probably have to resign, not because there was anything wrong with it, as much as because of the political uproar it would cause.

Q Did you ask him whether or not there was a cover

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memo or whether that diversion memo or any of its drafts had been seen by the President?

A I don't believe that I did. I don't have any recollection of doing that. I asked him whether he had told the President or Regan about it or at least we had a conversation in which he said that he had not.

Q Did you have the memo with you when you spoke to him?

A No. That was being safeguarded over here, I think, by Mr. Reynolds.

Q During your meeting a little earlier that day with Mr. Cooper and Mr. Richards and Mr. -- Mr. Richards and Mr. Reynolds, did Mr. Cooper mention to you there was a rumor at the CIA that funds had been diverted to the contras?

A I don't recall that. He may have. I don't recall it at this time.

Q Would it refresh you to say that Mr. McGuiness, who works for Mr. Cooper, had spoken to someone at the CIA that morning and he had related to Mr. Cooper that that rumor was afloat at the CIA?

A It is possible. I just don't recall at this time.

Q When you were briefed -- strike that.

At two o'clock at the NSPG meeting, was there a discussion of the Iranian arms sale?

A Yes. There was a detailed discussion of which I took notes and have notes about that.

Q Was the diversion mentioned?

A No.

Q Why not?

A Because I had not had a chance to discuss it further with the President. I did not mention it. I wanted to discuss it further with the President so we could determine what action to be taken.

Q Do you recall when it is then that you spoke to the President?

Was it after you spoke to Admiral Poindexter?

A Yes.

Q And so then it would be some time late afternoon of Monday?

A It was late afternoon. I think it was some time around 3:30, four o'clock.

Q And what happened at that meeting?

A At that meeting, we -- I went back into it and told him more what I had learned, including the fact that I had now talked with Mr. Poindexter and that he had confirmed my information.

Q And what was the President's response to that?

A And the President said -- I believe it was that evening that it was important that we get the facts out and

I think it was either that night or the next morning that he said -- I think it was that evening, because one of the things he had said the previous Friday was if I did find there was anything wrong at all, we wanted to be sure that that came out as quickly as possible.

Q Okay.

A And --

Q Do you recall, Mr. Meese, what was the rush on getting the word out?

A Well, I think the main concern on Monday and then again the next morning was to get the facts out so that there would be no suspicion on anybody's part that we were trying to conceal the facts or that there was anything being done to cover it up and to get that out so that the Congress and the public would know that the Administration was -- had itself discovered this and was getting the facts out to the public.

Q Was there any discussion of the material, the information leaking before you could make your announcement?

A I don't think there was any -- I don't recall any specific discussion of it. The other things we talked about on Monday afternoon was the President asked or we had a discussion, I think he was raising it, as to whether Poindexter should be relieved from duty. I think the President suggested we think about it overnight and get back together again at nine o'clock in the morning. And it was at that time that I then met with Don Regan and we discussed this in further depth. He again said that he knew nothing about this and was very much concerned about it.

And that I ought to -- and then I think we both agreed that I ought to also discuss it with the Vice President, who was very surprised about the whole thing.

Q When you discussed Admiral Poindexter's resignation, was Mr. Regan in favor of his resigning?

A I think that when we -- I think there was no question that he felt that that would have to happen, yes.

Q Did you feel likewise?

A I think I did, yes. Let me -- I don't remember whether I expressed it then to Mr. Regan or not, but I think that there was no question in either of our minds that that would be one of the things that the President would have to do the next morning.

Q Along those same lines, was there a discussion on Tuesday that included Colonel North and what would happen regarding his future?

A I don't recall on Tuesday now, the 25th, that I saw Colonel North or had any discussions with him on that day. There were discussions with him by other people.

Q With whom? Do you know?

A I don't know who talked with him. It may have been Don Regan. I have heard since that the President had a telephone call to him. Whether it was that day or not, I am not sure.

Q Do you know whether or not it was discussed whether or not Oliver North would be allowed to resign from the NSC as Admiral Poindexter had?

A I have a vague recollection there was such a discussion probably on Tuesday morning and I don't remember the specifics, but I think the conclusion was that he ought to be -- that while Admiral Poindexter should be allowed to resign, Colonel North should be relieved from duty and sent back to the Marine Corps.

Q Do you recall who was advocating that?

A I believe it was Don Regan, but I am not positive.

Q Did you concur with that?

A I don't know whether I concurred or not, because at that stage, that aspect of it really was not within my province to recommend or not recommend.

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Q Do you know if anyone had given any assurances to Colonel North that he would be allowed to resign rather than being fired, so to speak?

A No. I did not know anything, and have no recollection of anything like that ever being discussed in my presence.

Q If we can jump a little back to the morning, Tuesday morning, when you met with Mr. Casey early at his home?

A Yes.

Q He said he had learned about the diversion from Mr. Regan?

A Right.

Q And what did he tell you about the diversion?

A He just told me that the previous evening that Don Regan had talked to him about the diversion and he felt that something ought to be done, that Don Regan felt something ought to be done immediately.

Q Did Director Casey communicate to you on that occasion that he had asked North and Poindexter about it, and they had denied it? Or was that---

A At some point, he told me that, or I saw that in the memoranda. I am not sure which it was, but I did learn either from him directly or through the memos that he had asked back when Furmark first talked to him, that he had talked to Poindexter and, I believe, also to North, and that at least Poindexter and probably North, if he had talked with him, also assured him there was nothing to what Furmark had to say, what the Canadians were saying.

Q When---

A Let me just add one other thing we talked about at Mr. Casey's home that morning. That was the need to get this out immediately. He was very adamant, as I was, that we had to move quickly and make sure this got out as quickly as possible.

Q What were his reasons?

A The same as all the rest of us. That is the President, Don Regan and myself. That is so it was clear that it was the Administration itself that was bringing this to public attention, and that there was no attempt on anybody's part to conceal anything.

Q When precisely did you decide that a criminal investigation was warranted?

A Well, on Monday afternoon, I had asked Chuck Cooper to look over our facts and to determine whether there was any basis at all to commence a criminal inquiry and whether there were any possible criminal offenses involvd because at that time there did not appear to be any apparent.

He did that, and came up with some ideas, which we discussed, I believe the next day, when I came back from the White House. It was at that time that I asked Bill Weld from the Criminal Division to come in and asked him if he would get together with Chuck Cooper and determine whether there was any possible basis for a criminal investigation. And he then spent that afternoon, while I was -- I guess -- I don't know where I was on the 25th — I guess back at the White House. Because I next met with him -- Yes. That is right. I met with Bill Weld then later that afternoon, and he had come back and they had -- and he indicated that while it might be stretching, there were some possible offenses that might be some criminal laws that might be involved.

So it was at that time that I asked the Criminal Division to begin a regular investigation.

Q So at that time then, Tuesday afternoon is when you decided that a criminal investigation was warranted?

A Yes, late Tuesday afternoon.

Q What fact led you to that conclusion?

A Well, it was, first of all, Mr. Cooper indicated that there might be -- there might probably be some criminal offenses, criminal laws involved, and then that was enough to indicate that we ought to have Bill Weld take a look at it. He worked with his lawyers all afternoon and came up with some possible areas where there might be criminal violations involved, such as a constructive trust theory that the money that was in excess profits from the Iranian arms transaction might accrue to the United States under an agency

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or constructive trust theory and, therefore, there might possible be a diversion -- a criminal diversion of public funds.

Q So in other words, the research on the criminal area centered upon the diversion, not on the Iranian arms sales themselves?

A That is right.

Q Okay.

A Although I think there may have been some aspects of that that the Criminal Division came back with. They came back with kind of a laundry list of possible statutes. I think probably a dozen different statutes that might be involved?

A So is it fair to say that the fact of the diversion is what triggered in your mind the possibility that there may be criminal violations?

A Yes. Particularly when I had learned that it was an unauthorized diversion.

Q When is it then that you actually decided to apply for independent counsel? And I am not skipping ahead.

A Once we started the criminal investigation, I talked to, on, I think, Wednesday, to Bill Weld after the criminal investigation had begun, or while it was in the process of beginning, which was essentially on Wednesday, and said that it was highly possible, probable even, that this

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would involve an independent counsel because of White House people being involved, and that they should view this as the initial inquiry to determine whether a preliminary investigation in the independent counsel process should be invoked.

Q I guess I missed the answer to my question. When was it that you decided to apply?

A Then they conducted such an inquiry and came back to me the following week, which I believe was the 4th of December, but it was some time that week.

Q That is when the application was made. I guess my question is when did you decide in your own mind that, yes, we are going to go for an independent counsel?

A In my own mind, the early part of that week.

Q Say, around December 1st or 2nd?

A Say, the 2nd, 1st or 2nd, yes. Because I think it was probably on the 2nd that I talked to the Tower Commission and it was on that day that I think I told them that there was probably enough for an independent counsel, at least in my mind; and it was, I think, a day or two later---

MR. BOLTON: I think the public record reflects your press conference was on December 2nd.

THE WITNESS: No. That was the 25th.

Oh, on the IC. What day was that?

MR. BOLTON: Tuesday, a week after the other one.

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THE WITNESS: Oh, I see. We filed the application on the 4th. I announced on the 2nd. That is right.

BY MS. NAUGHTON:

Q Obviously, you decided some time before the 2nd?

A Yes. It was probably the 1st or the 2nd. It was really based upon the -- it was based upon Bill Weld coming to me and saying that they felt they had enough to proceed, to apply for an independent counsel, yes. So that was on the 1st or 2nd.

Q If I can jump to a couple of other subjects quickly? Oliver North, during his interview,mentioned that the bank accounts for the contras were the same accounts that foreign governments had used to give donations to the contras. Were you aware of any foreign government contribution to the contras at any time from 1984 through 1986?

A I don't recall that in Oliver North's statement to us on Sunday, he said that they were the same accounts that were used by foreign governments to give money to the contras, and I don't believe I was aware of that at that time or any time during this period prior to the week of the 1st to 4th of December. My recollection is that he said that three accounts had been established for the contras and that money had been -- and that the Iranians had been directed or the Israelis had been directed, one of the two, to put money into those accounts.

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Q Then let's get to the second half of the question. Were you aware, either as counselor to the President during that period of time, or subsequently as Attorney General, of any foreign governments donating to the Nicaraguan Resistance?

A I don't recall being aware of that. It is possible if it was in the newspaper, but I don't have any recollection now of being specifically aware of that.

Q Okay.

So we have heard testimony that the President met [redacted] You don't know anything about those meetings?

A I don't have any recollection of knowing about those meetings at the time. I think that was during 1985 and 1986; is that correct?

Q I think actually before.

A Maybe it was in 1984. I don't have any -- I don't recall at this time that I knew about it. It is possible that I did.

Q Oliver North mentioned yesterday in his testimony that -- he had sought your assistance and that of the FBI [redacted] [redacted] which I assume is some sort of regarding his meeting with [redacted] -- . -- recall anything concerning his negotiations with them?

A It is possible that he did. I don't have any recollection at this time. [redacted]

It is possible that that happened. I just don't recall at this time. [redacted]

Q Sure.

Do you have any personal recollection of speaking to Colonel North about his [redacted]

A No. I don't recall,at this time, any such incident happening.

Q Did you, either while you were at the White House, or as Attorney General, participate in any fundraising efforts for the contras?

A Not that I recall. No.

Q Did you ever direct potential contributors to Oliver North?

A Not that I recall. There was some newspaper story about someone calling my office and being directed by my office to the National Security Council staff and, in turn, being referred to Colonel North, but I don't have any recollection of it myself.

Q What, if anything, did you know about Colonel North's involvement in the contras resupply operations?

A I don't recall that I knew much about it at that time. It may have been general conversation in

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the White House, or it may have been in the newspapers. I really don't have any recollection specifically of what, if anything, I knew about it.

Q Did you discuss with the President -- now some time after November 1986 -- the probable pardon or immunity for Colonel North?

A Yes. There was a discussion in the middle of December, some time between -- some time around the 15th of December, give or take a few days. We met with the President at that time concerning grants of immunity, which came up on the President's own initiative. He asked about this in the context of trying to get North and Poindexter to reveal information.

I think at that time -- I believe at that time they had already appeared before committees of Congress and taken the Fifth Amendment, and I don't remember a specific discussion of a pardon. I think there was -- it was kind of a meeting that I described when I talked to the House Committee. I said it was a rolling meeting in that there was a kind of a general discussion of what can we do to get the facts out. And the question said, what about immunity? I told the -- I think someone in the White House, perhaps, the White House Counsel, had done a memorandum on this, and the President asked me about it. I think that is how it came up.

And I advised the President that it is possible to grant immunity, that it should be what we call, "use immunity," that is that -- if it was going to be done at all, that immunity should be granted only for the actual testimony not being used against them, rather than transactional immunity, that he would be given immunity from everything.

I made some corrections in the White House statement on immunity that had been prepared by someone there, and also advised that any grant of use immunity should be coordinated with the independent counsel, rather than just done without having that been worked out.

Q Was it your position then that the Department of Justice could grant Colonel North immunity despite the independent counsel's---

MR. BOLTON: Excuse me one second.

THE WITNESS; Well, the department could not, but he could be granted use immunity, for example, by Congress, but whether the President should urge that on the Congress was something that I felt should be coordinated with the independent counsel.

BY MS. NAUGHTON:

Q So what you were discussing with the President was simply congressional immunity?

A We were just discussing the subject generally. It was not even at the point where we had a refined discussion, but someone at the White House had suggested that, and I believ

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had a general statement or memorandum on the subject, and the President was asking me about it.

Q Did -- were you aware of any efforts on the part of Brendan Sullivan, the attorney for Colonel North, to speak to the President?

A I don't recall being aware of it. It may have been mentioned to me. I am not sure in this general discussion but I don't specifically recall that.

Q Did Mr. Sullivan ever attempt to speak to you?

A I believe there was a time when he did want to talk to me and I discussed it with the independent counsel. He wanted to discuss -- talk to, either me or someone in the department. I discussed it with the independent counsel, and we decided that that would not be an appropriate thing to do.

Q Was there any---

A It was one of the lawyers anyway. I think it was Brendan Sullivan.

Q Was there any discussion, either at the Department of Justice, or anywhere in the Administration, of giving Colonel North a pardon?

A Not that I recall.

Q Again, jumping---

A Let me say this. Not that I recall in a serious sense. There was also jocular conversation about pardons,

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and this sort of thing, but never in a serious sense.

Q Do you know whether anyone ever communicated to Colonel North that he could expect a pardon?

A Not to my knowledge.

Q Skipping to another topic, if I can. The Drug Enforcement Agency was involved in efforts to gain intelligence to locate and extricate the hostages held in Lebanon?

A Yes.

Q When were you made aware of their efforts?

A At some point -- and I can't remember the exact time -- either John Poindexter, but I think it was Colonel North, asked me for the authorization of the DEA to assist in providing intelligenece or locating persons who might provide intelligence relating to where the hostages were being held, and generally to provide information that might be of assistance in having them -- in getting them out Lebanon. It was my -- it is my recollection that there were some agents who had been working in Lebanon, who had particular information that was important, and I authorized Jack Lawn, the Director of the Drug Enforcement Administration, to provide that kind of intelligence assistance.

Q Did you authorize Mr. Lawn in writing or did you call him up?

A I believe it was verbally.

Q Were those agents to be assigned to the NSC or simply to cooperate?

A It would have been the NSC staff rather than the NSC.

Q Yes.

A I don't remember the exact arrangements, but I know that they were to be -- that I authorized that they be permitted to assist,and I don't remember the exact arrangements that were made, if I knew at the time.

Q Was it your understanding these agents were to have an operational role?

A To the best of my recollection, they were to provide intelligence, and assistance in obtaining informants, rather than being engaged in any actual operations relating to the rescue of the hostages.

Q Was there ever a finding prepared on their activities, that is the DEA agents activities?

A No. I don't think there would be, because they are not an intelligence agency.

Q Assuming for a moment -- and I can represent the committee has information that they were working in more of an operational role, in terms of extricating hostages, would that have required a finding?

A I don't know whether it would have or not. It would depend upon the facts and circumstances of what they did. If they were operating in an intelligence capacity it would not require a finding.

Q If they were---

A If they were only gathering intelligence, it doesn't require a finding. If they are A, an intelligence agency, and B, involved in covert actions other than intelligence gathering, it is possible a finding might be required. It would have to depend upon the facts and circumstances.

Q In the case of the 1985 Hawk shipment, we know that the CIA was involved in the transportation of the equipment, from Israel to Iran. Assuming the same facts for DEA, that the DEA agents were involved in the transportation or in locating transportation and coordinating that transportation of the hostages, for instance, and their extrication, would that activity, in your opinion, require a finding?

MR. BOLTON: I'm not sure -- this is an area of sort of speculation and general legal finding.

THE WITNESS: I can't answer a hypothetical question. Let me say that in the normal parlance of the National Security agent, it relates to findings, it refers to intelligence agencies, and I don't believe that the DEA would be considered an intelligence agency within the meaning of that section. But I would want to -- it would depend a lot on specific facts of a specific situation.

BY MS. NAUGHTON:

Q Were you aware that private monies were going to be used to pay [redacted] and other people in the Middle East to gain the release of the hostages?

A I don't recall having that kind of detailed information at the time, or as to what the details are. I think there was a report at some point along the line in which certain facts were provided to me, but I don't recall now exactly what the circumstances were.

Q Do you recall the mention of $200,000 in private monies being obtained to pay to bribe the [redacted]

[redacted]

A I don't recall that now, that I was told that. As I say, it may be contained in a document.

Do we have that?

MR. MATTHEWS: I don't think we do.

BY MS. NAUGHTON:

Q General Meese, you indicated that you may have received a document, perhaps, outlining something to that effect. Can you recall?

A I may have seen a document at some point.

MR. BOLTON: There is such a document. It was produced to the committee. We do not have it here now because it is in a secure area.

MS. NAUGHTON: I asked the witness whether or not he recalled seeing a document

THE WITNESS: The question is at some point, I think fairly recently, I do recall seeing such a document.

BY MS. NAUGHTON:

Q And do you recall the mention in that document of private monies?

A I don't recall any of the details of the document without seeing it.

Q Were you ever consulted regarding the use of private monies to extricate the hostages?

A I don't recall being consulted on that subject.

Q So you never gave any advice to anyone at the DEA or the National Security Council staff regarding the use of private monies as opposed to government monies to bribe [redacted] or pay for the extrication of the hostages?

A I don't recall any such conversation. It is possible that there was a discussion, but I don't recall it.

Q Do you recall whether or not you knew how the expenses of the DEA agents were to be paid?

A I'm not sure that I recall even that there were going to be expenses other than they were going to be helping. It is possible it was discussed with me, but I don't have a recollection of it now.

Q Did Colonel North ever tell you that some of their expenses were paid from monies contributed for the Nicaraguan Resistance?

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A I don't recall that that ever happened. No.

Q How often -- when did Colonel North brief you on how often?

A Well, my only recollection -- there may have been more discussions, but the only recollection I have was when he asked for the authorization to the DEA to provide that kind of assistance.

Q And that was just to be for intelligence gathering?

A Well, it was to provide assistance, and my recollection is it was to help them locate informants in Lebanon that might be able to assist with the rescuing of the hostages.

Q Do you know whether or not the President was apprised of the activities of DEA in that regard?

A I don't recall whether he was or not. I don't recall -- I don't believe that I ever talked with him. At least I can't remember talking with him about it, and I don't know whether anyone else did.

Q Did you know of Ross Perot's involvement in this?

A I believe I had heard mention of Ross Perot being either possibly involved, or being asked to become involved in the efforts to locate the hostages, but I don't remember anything specific about his involvement.

Q Do you remember being told that he was going to donate money [illegible]?

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A I can't specifically recall that, although it is possible I was told something along that line.

MS. NAUGHTON: Thank you.

Those are my questions.

MR. BOLTON: If there is a point to shift, this might also be a convenient point to adjourn to the Command Center so they can set this room up.

We can go off the record.

(Discussion off the record.)

(Brief recess.)

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(Back on the record.)

MR. LEON: Let the record reflect we are getting back on the record, and it is about 3:08 p.m., on the 8th of July.

Ms. Naughton has cut off her questions, even though I understand she has many more, in order to allow the House and the Senate counsel to get some questioning in before our, at least right now, tentative arrangements to adjourn at 5 o'clock, with the possibility, perhaps, we might be able to prey upon the Attorney General for an hour or two at a later time, if need be.

We are going to try to wrap this up at 5 o'clock this afternoon. I will try to be done in less than an hour.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. LEON:

Q Mr. Attorney General, let me go back over some of the areas, not in any way as near great detail since Pam has done a thorough, complete job here.

Let me just ask you some questions on some certain points that have arisen along the way. With regard to November 7, Mr. Cooper has testified that it was at that time in '86 that you asked him to get himself ready to be of assistance in reviewing possible issues. At that point, what was your sense of what kind of problems he was being brought in to work on?

A My best recollection is that some time prior to the 7th, I had been asked by John Poindexter to make available legal assistance, because in my request to Mr. Cooper I mention that he would probably be contacted by, or would be in touch with Commander Paul Thompson, who was the assistant to Mr. Poindexter. And I think it had to do generally with legal matters pertaining to the Iranian initiative, which in my mind, at that time, had to do with such things as the use of the National Security Act as opposed to the Arms Export Control Act for the transfer of weapons, matters pertaining to the ability of the President to proceed, and delaying notification of Congress, things such as that.

Q Can you recall if in your discussion with Admiral Poindexter, the question came up whether or not Mr. Wallison and his office would also be involved or not be involved?

A I can't recall specifically, but my best recollection is probably they wanted the assistance from the Justice Department, inasmuch -- and I don't remember whether this was specifically discussed, but as a matter of general practice, the basic legal advice on national security affairs comes from the Office of Legal Counsel in the Department of Justice.

Q Now, with regard to the President's press conference on the 19th of November 1986, you testified you watched part of it and listened to part of it?

A That is my best recollection. I know I was familiar with much of the news conference.

Q Was it his performance that evening that prompted you to want to be there on the next day for that upcoming session to review anticipated testimony before the Congress?

A Well, it was the fact that he had not, apparently, had the accurate information as to the involvement of third countries, in this case, Israel, that led me to talk with John Poindexter that evening, and then Admiral Poindexter in turn advised me there would be a meeting the next day, and I believe indicated that, invited me to attend.

Q When you went there, if you can recall, did you have any sense or impression before you got there, to the meeting, that the events of that preceding evening, in terms of the President's preparation that he had been given, et cetera, might raise a doubt in your mind as to the accuracy of the chronologies Mr. Cooper had been getting up until that point?

A No. When I got there I didn't have any such feeling. I didn't know much about the chronologies he had been getting, and it was more a matter to be available to answer any and discuss any legal aspects of the thing that might come up on that day, and also just generally to contribute to making sure we had the best possible testimony.

Q And, simply, when you left the meeting that day, on the 20th, were you leaving with an impression, as far as the facts go, and the anticipated testimony as well as the chronologies, it was in pretty good shape?

A Yes, that was my impression when I left the meeting some time between 3 and 4 o'clock.

Q Now, Judge Sofaer's deposition, I don't know if you have had a chance to read it---

A I have not.

Q There are references in it to what he recalls saying to Mr. Burns in his conversation with Mr. Burns that afternoon. I believe in his recounting of it, he recounts Mr. Burns telling him, after speaking with you supposedly, that Mr. Burns said something to the effect that you had supposedly told Burns you knew of some special facts that would clear this whole thing up as to any disagreements. Do you recall making any statement of that nature to Mr. Burns to relay to Judge Sofaer?

A I don't have a specific recollection of what I said, but in reconstructing what occurred, I believe that Mr. Burns was somewhat inhibited, and I was somewhat inhibited talking freely about this over the phone, either because I was on the phone, we certainly were not on a secure phone, and the impression I got was that the State Department was concerned about their being different versions or inconsistencies in people's recollections of the events, and since we had corrected that sort of thing by bringing together the views of different people, I had assumed that was the problem they had seen in reviewing Mr. Casey's testimony and, therefore, transmitted the message back through Mr. Burns that we had taken care of that, because I had just come out of such a session in which everybody seemed to be, everybody that seemed to know anything about it seemed to agree that the version Mr. Casey was prepared to testify to was an accurate depiction of what had occurred.

Q As far as you knew as to the events Judge Sofaer would be relaying to you, I mean Mr. Burns would have been relaying to you, that would have been the first time he would have had any exposure to those areas of concern?

A Yes. Mr. Burns didn't have this knowledge of this in general, other than what he may have been told by Mr. Sofaer.

Q After the events of that evening, November 20, when you finally spoke to Mr. Cooper and he relayed to you the concern of the State Department and their version versus the Shultz version and, of course, the errors that would be if the pre-agreed upon testimony went forward, did you at that point, Mr. Meese, feel that perhaps the accuracy of the chronologies you had been getting to that date were now in question?

A I didn't question the accuracy of the chronologies in the sense somebody was deliberately trying to provide, inaccurate information. It was rather the fact that you had different people who had different pieces of information and that they did not all jibe,because of the fact that different people were looking at this from different vantage points, and had different experiences in regard to what had occurred.

Q So when you asked the President for permission to proceed with an investigation on Friday morning, the 21st, you were not, if I understand you correctly, proceeding on an investigation because you thought the President or other members of his cabinet were being lied to, but rather to straighten out what appeared to be inconsistencies and confusion?

A That is correct. First of all, I didn't consider it an investigation, but rather a fact-finding review, because it didn't appear to be anything to investigate per se, and it was a matter, in my thinking, that because this project had been so highly compartmentalized,that different people had small parts of the information,and it was important to put together what everybody knew so that there would be a

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coherent account, so first of all, the President would know what happened, as he obviously had not been thoroughly briefed, as reflected in the news conference Wednesday night, And secondly, so that any testimony that was given would be completely accurate.

Q So when you selected, anu I believe it was your selection, to meet with Mr. McFarlane first among the witnesses that you were going to meet with, you were not, at the time you made that decision, you were not viewing him as someone who was likely to be misleading or dishonest in any way in stating the facts, you weren't viewing him from that vantage point, were you?

A No.

Q In fact, were you proceeding on the presumption he would tell you the best truthful story, to the best of his knowledge and recollection?

A Yes.

Q Before getting to anything regarding the McFarlane interview that afternoon, let me just ask you this. With regard to that day, November 21, do you have any recollection of meeting with Ollie North or talking with Ollie North personally on that day?

A No, I do not recall meeting or talking with him on that day.

Q So if Ollie North has said to someone at some

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point that he spoke with you and asked you for 24 to 48 hours to get his records in a state of preparation to be reviewed by you and your people, that wouldn't affect your recollection one way or the other?

A No, I don't recall any such conversation.

Q But you do recall speaking with Admiral Poindexter?

A I do recall speaking with Admiral Poindexter on at least two occasions that day. One, I talked with him, obviously, in the President's office, and possibly talked with him earlier that day in order to obtain that appointment and, secondly, perhaps, thirdly, I talked with him later on in the afternoon seeking or advising him that we would be sending people over the next day to review the documents and asking for a point of contact, which he designated as Paul Thompson.

Q One last point on that meeting of the 21st with the President. Donald Regan was present, as you testified?

A Yes.

Q As Mr. Cooper has indicated, the Legal Counsel to the President, Peter Wallison, was aware the evening before of this conflict between the Secretary of State's recollection of events and Mr. McFarlane's recollection of events?

A Yes.

Q Did you have any sense when you were at that meeting

Friday morning, Mr. Meese, that Donald Regan had already been apprised by Mr. Wallison that there was this conflict, and that was the reason why you were coming?

A I don't have any recollection that I was, that I got that impression, or that I knew about it at the time.

Q Did the President raise the point that he had spoken with Secretary Shultz the evening before about the conflict?

A He may have, I can't remember now whether he did or not.

Q You were aware of it at that point, when you went into the meeting, Shultz had met with the President the night before, were you not?

A I don't recall whether I was or not. I think I may have been. Mr. Cooper may have told me, I am not positive.

Q Certainly, by Saturday morning?

A Yes, by Saturday morning, Mr. Shultz told me by that time -- by the end of the interview, I knew.

Q What was it he told you in the interview he had talked to the President about Thursday evening?

A He indicated to me he had talked to the President and indicated there was more information and that he had known about -- that the arms shipments had been discussed with him at the time of the Geneva conference, the Geneva summit. Now, to go into more detail -- I don't know how much of this he said he told the President, but he went through a great deal of detail about that with me, including the fact he had been told there was going to be a shipment of arms by Israel and that we were likely to get our hostages back, and also I think he also told me, and I would have to check this, but I believe he told me that he was later told by Bud that it had not occurred.

Q Later been told by Bud?

A Let me check this. Let me find that out here. Let's see, it is the meeting with George Shultz. Yes.

Q There is a reference at the bottom of the first page of the notes I think you are referring to,"GS Thursday night"?

A Yes. George Shultz said Thursday night he went to the White House residence to see the President, and said some of the statements won't stand up to scrutiny, and he advised that McFarlane had come to him and told him of a transaction. And the President said he knew of it, but didn't understand it as arms for hostages, but as part of a larger plan. And then George Shultz repeated the Geneva conversation to Charlie Hill, and Charlie Hill made notes, and that goes back to what Hill had said, and Hill said the plane would go from Israel [redacted] if the hostages were released it would go to Iran, if not, it would go back to Israel, and that the United States would be advised [redacted] the hostages were released.

This is relating to the conversation that took place at Geneva. Shultz said it was a very bad idea, didn't think it would work. He said he was consulted and told, but it was not presented to him for approval or disapproval.

Q Did he give you the impression he was upset with Mr.---

A He was upset. I got the impression it was one of many things happening in a fast-moving situation at the summit. George said he thought it didn't happen, he thought what he had been told was going to happen didn't happen, because no hostages were released, so he assumed the arms transfer had not gone through from Israel.

Q Did you ask him, do you recall, why he didn't go and tell the President he was upset about it?

A At that time?

Q At that time.

A I would imagine because he had told Bud that he thought it was a bad idea and that it was an Israeli operation rather than ours, and that---

Q He assumed Bud would tell the President?

A Also, I imagine — I don't remember specifically whether he said he thought Bud would tell the President or not. In any event, I don't -- we just didn't have any discussion about whether he would tell the President or not, or why he did or didn't tell the President at that time. And, again, I think in my own mind, I assumed it was because of all the things happening with the summit. This was not one of the things you would want to add to the President's burdens while he was preparing for a summit discussion.

Q I can't recall -- when you went to see Director Casey that evening, Saturday evening, was there any reason you didn't bring a notetaker with you that evening?

A Yes. It was just a casual visit. He said he had something he wanted to talk with me about. I didn't view that as the more formal interviews we had had with some of the other people we were meeting with.

Q So, it wasn't part of the inquiry you were doing at that time?

A Well, it was touching base with him, but it was not a formal interview as such.

Q And you anticipated there would be another one at a later point?

A I had anticipated we would do that as we went along.

Q Now, with regard to the meeting with North the following day,

A Yes.

Q The notes of that interview indicate that you began -- Mr. Richardson's notes -- I believe that they indicated, if you have a copy there in front of you, that you gave him, at the very beginning of your interview with him you gave him an admonition with regard to the President and with regard to the best way to deal with the matter at hand.

Look at the notes and refresh your recollection and tell us what it was you told him.

A I was trying to explain why we were doing all this, for one thing. And I said we wanted to get all the facts from everyone who was involved and flesh out the different recollections, that I had talked to the President and John Poindexter about this.

I said the worst thing that could happen is if someone tries to conceal something to protect themselves or the President, or try to put a good spin up, and we want nothing that anyone can call a cover up, and so we want to know what happened early on. And the reason for that was basically that was, this was a top news item, this was a matter that was of considerable congressional concern already, as indicated by the fact there had already been testimony in briefings taking place, and in my own mind, as well as in the President's mind, the worst thing that could happen was to compound whatever political damage there might be from this initiative, which had not been successful, would be compounded if anyone could then claim there was some kind of a cover up, and that is why we felt it very important to get all the truth out and to make sure that everybody was either testifying later on in Congress, or making public statements, that they were being absolutely factual.

Q Mr. Richardson's notes of that meeting indicate that around the very first page, which is an exhibit for Oliver North, OLN-14 -- now, is that essentially what you also had told Mr. McFarlane on Friday evening when you had that little side conversation at the end?

A That was essentially the same thing, although I didn't go into quite as much volume of it. That was essentially the same thing, right.

Q Now, with regard to the interview itself, at any time in the course of that interview,did Colonel North ask you for his rights---

A No.

Q ---his constitutional rights to be given to him?

A No.

Q In specific, after being shown the diversion memo, did he at any point,after having been shown that and questionedby you, make any comment to you or the others there,

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"Does this count since you haven't given me my rights?"

A I don't recall any such statement, no.

Q Do you recall, in reviewing the notes, any reference in the notes anywhere? I don't believe you will find any. I just want to test your recollection.

A I don't recall that, and I don't see it anywhere in the notes, no.

Q Directing your attention to page 19 of the notes, I believe at that point you were still present, the notes indicating on the following page the, "AG left at 4:05"?

A Yes.

Q At the point at page 19, you were still present? At that point it appears from looking at the notes that there was some discussion with regard to another potential problem, problematic area, and the discussion raises the problem of under Iranian law the advanced payment is permitted and that there were two individuals, GORB, which I presume means Ghorbanifar and Khashoggi, who were raising money and might have complaints about nonpayment. Do you recall that being discussed with Colonel North before you left?

A I don't recall it specifically now, but I see from the notes it apparently was, yes.

Q I notice in looking at this portion of the notes, there is no notation with regard to the name "Furmark" in any way, shape or form?

A That is correct.

Q Do you know if the name "Furmark" or the Furmark-related incidents Mr. Casey had told you about the preceding evening had come up in the context of that discussion.

Q I don't recall that the name "Furmark" came up, no. But, of course, when he said this I was familiar with the general situation he was describing.

Q Was there any reason, if you can recall, when you, in response to hearing this story being raised by North, didn't counter with, well, are you familiar with the Furmark situation and Director Casey?

A There was probably a practical reason.

Q What was that?

A And that was I had to leave at 4 o'clock, and, as you can see, I left at 4:05. I had to pick someone up from the airport. That was not a particularly big thing, so I didn't go into it any further.

Q There wasn't a tactical reason?

A There was no factual reason for not mentioning it, no.

Q You didn't see by not mentioning it any harm to the inquiry you were conducting, the fact-finding mission you were conducting, did you?

A No.

Q Now, with regard also to---

A Inasmuch as I had that information from Mr. Casey

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and I don't believe when I talked with Mr. Casey there was anything that he said that would lead me to believe Mr. North knew anything about it.

Q That was my next question.

Upon speaking with Casey, had he mentioned any involvement between Mr. North and Furmark, or even North's knowledge of this Furmark problem?

A I don't recall that he did, and I don't believe he did.

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Q Referring you to page 8 of those notes that you have there in front of you, there is a notation about a third of the way down the page that begins, "When learned Hawks NOR-CIA,"? It appears to be a reference to a question as to what he did when he learned about the Hawks being part of the shipment. Then there is a question mark, who, and then it says, "perhaps directly to Casey." Did you come away with the impression from your interview that North had mentioned to Casey the fact that there were Hawks on the plane prior to January of 1986, in that November-December time period when the findings were being worked on that he had talked to Casey about Hawks?

A No. I can't remember precisely but from the notes I would say that he went to the CIA, somebody in the CIA, yes. Did he get--perhaps it got directly to Casey, but it appears to me he got to McMahon who sent him to the lawyers because the following discussion is about McMahon not being happy, McMahon, and then he said McMahon can't stand him and he blames him for the Nicaraguan mining, so he wouldn't call McMahon. I see, so--I asked the question, "Did you go to McMahon who sent you to the lawyers?" And he said, "McMahon was not happy so I wouldn't have called McMahon." So whether he called Casey or not, I don't know and he wasn't sure whether it had gotten directly to Casey. That was ambiguous from the notes as to whether he went to somebody else at CIA and that it may have gotten directly to Casey.

Q When you left that meeting on Sunday, did you have any clear sense as to whether or not Colonel North had informed Director Casey of the Hawks, the existence of the Hawks and the plane?

A I don't believe that I did.

Q Did your discussions with regard to the finding during that meeting and the need for a November finding come up in that meeting?

A I'm not sure whether we discussed findings with him or not.

Q Was it your testimony earlier today the first time you thought findings came up was at the November 10th meeting,that Poindexter raised it at that November 10th meeting with the NSC, NSPG?

A I think I would have to look at those notes, but I think the first time that--I'm sure that the findings came up had to do with the meeting with Sporkin, the interview with Sporkin on Saturday morning. Whether they had also come up, the need for--you mean the preparation of a finding by CIA?

Q Yes. Pre-January 1986, the November 1986 finding.

A A finding before that--let me take a look at those notes and see if it came up there. Yes. Well, no, the reference to a finding there had to do with the 17th of January 1986 finding.

Q What I'm trying to focus you on is the first time you had definitely heard about the pre-January finding to cover the Hawk shipments situation in November.

A The first time I specifically remember it is in the discussions with Mr. Sporkin on--

Q Saturday morning?

A --the 22nd, Saturday, yes.

Q And do you recall in that interview Sporkin indicating he had spoken with Casey about the need for a finding and the importance of having some kind of a finding done by the CIA?

A Let me just refresh my recollection. I have the notes of that meeting.

Q Okay.

A It was Mr. Sporkin's recollection that he had, that the information had been provided to him through the efforts of Mr. MaMahon. And he told McMahon it should be used, and I don't see anything that related to that finding where he talked about dealing with Mr. Casey on it. It looked like it was Mr. McMahon. But he did talk with Mr. Casey about a finding in regard to January, at or about the 5th or 6th of January of 1986.

Q I guess what I'm trying to get at, Mr. Meese,

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is when you finished with North on Sunday afternoon, were you at that time acting under a belief that Casey was aware prior to January 1986, Director Casey, that there had been Hawks on that, in that November shipment, Hawks on that plane?

A I don't recall specifically, but my best recollection is that I did not know, that I did not form an opinion that Mr. Casey had been aware at or about November of 1985 of the shipment of Hawks. My best recollection is, and I think this is accurate, that he was away from the CIA at that time and that is why Mr. McMahon was the one who was gone to.

Q With respect to Mr. North and with respect to Mr. Poindexter, after the North interview there clearly would have been, certainly, information now in your possession to indicate that McFarlane and Poindexter and North all knew before January 1986 of Hawks on that plane. Wouldn't that be true? North acknowledged it himself.

A North indicated that he had learned about that. And I'm trying to--I had better refresh my recollection now as to how he learned about that.

Q I think he indicated in his testimony to you that he had been told by Secord.

A He had been told by Secord, yes, now I recall. Right. So he knew.

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Q North knew?

A He knew.

Q McFarlane knew because he told Shultz?

A McFarlane, I think he couldn't remember whether it was Hawks, he didn't remember telling Shultz it was Hawks. He couldn't remember that conversation. But, if you put what Shultz together with what McFarlane said, you would form that impression he knew it was Hawks, yes.

Q And as to Poindexter, had North informed you that Poindexter--let me direct your attention to page 25 of the notes. At that point, you were no longer in the interview.

A I wasn't there any longer, so I'm not sure whether I knew Poindexter knew about it or not.

Q On page 25 of the notes I believe it indicates--

A I see.

Q At the bottom.

A The question is asked do you think it was oil equipment. He said, "No, I thought it was munitions," told McFarlane and Poindexter and they said, "Go to it." CIA was not told and CIA was told by North it was oil equipment.

Q So, if North and McFarlane and Poindexter, at least according to what you have at that point, might have known there were people themselves who knew prior to January 1986 in the U.S. Government that there had been Hawks on that shipment, then that would have been a direct contradic-

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tion of what you had been told just three days before at the November 20th meeting when North proposed the language that you wrote in--

A Yes, that is correct.

Q --on the insert?

A That is correct

Q And when Poindexter sat by and suggested it shouldn't be changed?

A Yes.

Q And Director Casey might have possibly known?

A At that point, I had no reason to believe he did other than North's statement it might have gotten up to Casey

Q When you spoke with McFarlane the next day, did he confirm any change, did he have any change of mind?

A I don't believe I talked with him about the Hawk thing. By that time my focus was more on the diversion of funds rather than on the Hawk situation.

Q How about with regard to Mr. Poindexter? When you spoke with him?

A I did not talk to him about the Hawks.

Q Again, you were focusing--

A I was focusing on the diversion of funds.

Q When you spoke with the President on Monday the 24th and informed him of your discovery in the diversion area, do you recall if he asked you whether or not the

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Admiral, Admiral Poindexter had authorized it?

A I don't recall that he did. I told him in the afternoon that Poindexter knew about it, and I had specifically, because I had not yet touched base with Poindexter. I specifically had not asked for Poindexter to be at the meeting in the morning or in the afternoon.

Q Was there--

A But I don't recall the President asked whether Poindexter had authorized it. I told him in the afternoon what Poindexter had said to me. In the morning our conversation was cut short, so we didn't have a chance to go into it entirely.

Q Poindexter hadn't said to you that he had authorized it?

A No.

Q He just acknowledged knowing about it. He acknowledged to me he knew about it and, in effect, had allowed it to go forward.

Q Did that constitute to you a signal of authorization from him to North?

A Well, it was certainly, the fact that he knew about it and allowed it to go forward was certainly acquiescence in it going forward and that was, in my mind, the reason why he said he knew when this all became public he would probably have to resign.

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Q Shifting back to one question, one more question on the Sporkin area, did Judge Sporkin indicate to you Saturday morning, when you interviewed him, that he had been told by Admiral Poindexter that the November 26th finding had been signed by the President? Do you recall if he told you that?

A I will have to look here. I just don't have any recollection. And I don't find anything at this point on the notes that would indicate whether that initial finding had been signed or not.

My best recollection is I have never heard from anyone that the finding was, in fact, signed.

Q Did Deputy Director McMahon ever indicate to you or did anyone indicate to you, he had been told it had been signed?

A I don't recall that he did or that anyone told me that and, as a matter of fact, to the best of my knowledge, this has never been found in any records, so there has been no discovery of a signed finding.

Q The December 7th, 1985 meeting that you have heard reference to, I am sure on numerous occasions, you were not present at that meeting were you?

A No, I was in Switzerland at that time, in Europe.

Q Were you ever informed by Admiral Poindexter or anyone else, for that matter, that Admiral Poindexter wanted

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Oliver North to touch bases with you on the November 26th proposed finding?

A No.

Q When you brought, when you went over in early January to review the January 17th finding that was being worked on that ultimately was signed and you were reviewing it, as I recall you didn't bring any other attorney with you from the Department of Justice, is that correct?

A That is correct.

Q Was there any particular reason why you didn't bring Mr. Cooper along or anyone of your other staff attorneys?

A Yes. Because this was such a sensitive project that my recollection was I was the only one they wanted over there.

Q Had you been directed to come alone, or I should say, asked to come alone by Admiral Poindexter?

A I don't remember--it was certainly implicit this was a closely held type of thing.

Q With regard to the November 10th meeting--I'm going to bounce around a little bit here--with regard to the November 10th meeting that you referred in your notes to before--

A Can I have the November 10th notes?

Q Was that a NSC or NSPG meeting?

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A My notes indicate it was a National Security meeting, which means that it was of people--it was just who was there.

Q Can you tell us who was there?

A My notes indicate who was there and it was not a National Security Council meeting, it was not a NSGP meeting, it was what I described as a National Security meeting in the Oval Office, which was a special type of meeting and the people who were there include, the President, George Shultz, John Poindexter, Bill Casey, Don Regan, Casper Weinberger, Al Keel, who at that time was the deputy to John Poindexter, and myself. A total of nine people.

Q Jumping back to the 20th, the events of the 20th, Mr. Cooper has testified that Peter Wallison later that afternoon, after you had left for Westpoint, indicated to him great displeasure not being asked to that meeting on the 20th.

A Yes. I understand he testified to that.

Q Had that been relayed to you, Mr. Wallison's feelings about not having been included at that particular event?

A I'm not sure whether it had been or not.

Q With respect to your meeting with George Webster on the 21st, when he was still Director of the FBI at that

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time, is it your recollection that you asked him or that he volunteered the assistance of the FBI?

A I can't recall for sure, but I think he may have said, "Well the FBI is available if you need it." And then we discussed this in terms of whether there was any criminal predicate for bringing the FBI in and whether the President could be criticized for using the FBI for non-criminal purposes. In other words, that he would be criticized or we would be criticized for making, in essence, a political use of the FBI because it was for purposes not connected with the violation of criminal laws.

Q When you spoke with Secretary Weinberger over the weekend, were those secure phone calls?

A No, they were open phone lines.

Q You were satisfied after talking with him that you didn't need to go to the next step and either meet with him personally or--

A Well, I planned to meet with him later on, but I felt that it was not necessary to do that on Saturday, partially because, I think, in the course of our conversation it appeared to me there wasn't any particular urgent information that he had that I didn't already have and, secondly, that his wife was in the hospital and I didn't want to inconvenience him on that day or that weekend.

Q With respect to the order in which you saw

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witnesses, a couple of questions in that area, we already went over the point about McFarlane and why you chose to see him first and your investigation. The decision you made to see the President on Monday morning, before seeing Admiral Poindexter, can you just explain to us why it was,without having had his confirmation, he was aware of the diversion since he was the superior of Oliver North, why you went ahead to see the President without first being certain that he was aware of it?

A I can't remember precisely why that happened. It was probably--there were other things I had to do that morning and I wanted to get to the President as quickly as possible.

Q You were sufficiently satisfied at that point that there had been a diversion that had taken place, and that Oliver North's superior at least, Admiral Poindexter, was aware of it and you wanted to determine whether the President was aware of it or not?

A Well, I wanted to let the President know and, obviously, I had assumed that he was not aware of it from what Oliver North had told me.

Q So you didn't see that putting in any way at risk, your inquiry you were going to see the President before seeing Admiral Poindexter?

A No. As a matter of fact, it was consistent with

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it because, at that stage, I wanted to get the information to the President and, of course, as I mentioned earlier, I made sure it was just the President and Don Regan, and because of the possible involvement, made sure that Poindexter was not there.

Q Now, there were PROF notes that indicate as late as Monday evening Admiral Poindexter and Colonel North were proposing an understanding or assumption, on both of their parts, perhaps erroneous, that North would be able to resign rather than be fired, and if that's accurate, then it appears that the decision, the ultimate decision to fire North occurred on Tuesday morning. Do you have any recollection--

A That is my best recollection, and that was made after we had met with the President at 9 o'clock.

Q Who recommended that to the President?

A I believe it was Don Regan; that he be relieved of duty and returned to the Marine Corps. Firing has a little different connotation here because firing, normally, means a person is out of a job. In this case it was a matter of transferring him back to the Marine Corps.

Q I used the word because he used it in his testimony yesterday. You viewed it as a reassignment?

A That is right. Getting him out of the White House

Q Let me close with this and then my Senate colleagu

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can get his shot at bat here. I asked Mr. Cooper a question to the effect to try to state for the record, to give him an opportunity to state for the record some sense of what it was like to be in the middle of this rapidly developing set of events and the exigency of it and the gravity of it. I would offer you the same opportunity for the record, General Meese, to give some sense of the enormity of what you were doing, the pace at which you were operating and the seriousness of it during that hectic three-day period, because there will be Monday morning quarterbacking, as you well know, for years to come on this. I would close with that opportunity for you to take.

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A I thought it was a very serious matter. I was very concerned and disappointed that people had violated, if you will, or certainly misused their positions and had done things that were not authorized and opposed to the policies of the President.

And I was very much concerned, particularly, that this matter be made public as rapidly as possible and that since there had been wrongdoing, at least in the sense of not following the President's directions or doing things that were not authorized, that this be -- that there be absolutely nothing done that would give any appearance of a cover-up.

And so most of the things that were done were done with that in mind, to get the facts to the attention of the Congress, to the attention of the public as rapidly as possible and then to take the necessary actions, first of all, that the President would make clear that the people who were involved would be releaved of duty.

Secondly, in the course of our conversations that he take the necessary steps to make sure that this would not happen again, which would involve the appointment of the Tower Commission, a special review board, and thirdly, that we take the necessary steps to be sure that if there was any wrongdoing in a criminal sense that this was looked at also.

I had already started those wheels in motion on Monday and then we continued with the involvement of the Criminal Division initially to inquire whether there was a justification for them to become formally involved and turning it over to a criminal investigation and ultimately seeking an independent counsel.

Q Were you satisfied the three people on your team that you were directing were working as hard as they could and as best as they could to get to the bottom of this matter?

A Absolutely. That was our whole purpose was to initially get the facts and to see what was actually going on and then as we determined that the unauthorized activities had taken place to be sure we got to the bottom of that and got that information out as quickly as possible.

Q Is it safe to assume it is your testimony you did the best you could personally in conducting and overseeing this investigation, not investigation, but this fact-finding inquiry?

A Yes. As a matter of fact, I think that is substantiated by the fact that we got to the bottom of the entire scheme and when I revealed it to the public on the 25th of November that the basic outlines of what was involved have continued to prevail through now several months of detailed investigation by a number of other people, the

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Tower Commission, the committees on the Hill, the Select Committee now, and so on, and the basic situation as we revealed on that day still prevails as what happened.

Now, there has been a lot of additional information as to bank accounts and extrapolations of other things to fill out the bare bones of what we presented, but the essential scheme that we presented on that day of what had happened still remains intact as an accurate portrayal of what occurred.

Q Let me take this opportunity for the House Minority to thank you for your generous time today, and noting for the record it is 3:58, I turn it over with no further ado to my colleague from the Senate.

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BY MR. McGOUGH:

Q With a little bit of luck, we will be out of here by 5:00 o'clock.

Let me get a little bit of background, if I could, on your role and status with the NSC and NSPG in general. You have been a member of the NSC for how long?

A I have been a member of the NSC since the first day in office when the President asked me to serve as his counselor. One of the duties that he provided or asked me to undertake, or it was agreed I would do, was be a member of the NSC as an appointed member of the President. By a member of the NSC, that includes being a member of the NSPG.

Q You have drawn a distinction between the NSC and NSC staff. Would you elaborate on that?

A The National Security Council -- let's go back -- was initially composed in 1981 of the statutory members, the President, the Vice President, the Secretary of Defense, and the Secretary of State; the two statutory advisors, the Director of Central Intelligence, and the Chairman of the Joint Chiefs of Staff, and two appointed members: Jim Baker and myself as counselor to the President.

In 1985, when I left the White House, the Presiden asked me to continue as a member of the National Security Council. He also asked Jim Baker, as the Secretary of the Treasury, to continue, and he asked Don Regan, as the new

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Chief of Staff, to continue, to become a member of the Nation Security Council. There was no one who took my place per se as counselor to the President, so the National Security Council was then composed of nine members.

Q And that would be the National Security Council --

A Then the staff, there is a staff headed by Assistant to the President for National Security Affairs, who in 1981 was Dick Allen, in 1982 was Bill Clark, in 19 -- sometime later, but was present in 1985, was Bud McFarlane, and in 1986 was John Poindexter, and it is presently Frank Carlucci.

Q Are there regularly scheduled meetings of the NSPG and NSC? Do they fall on certain days of the week?

A They generally fall on -- there is generally at least one, sometimes two, and occasionally three meetings a week of the National Security Council or National Security Planning Group.

Q Is there a regular day for them?

A There is not a regular day, but usually they fall on Tuesdays and either Thursdays or Fridays, often Tuesday and Friday.

Q The reason I am exploring that in some depth with you is if we go to January 6 of 1986, which is on Monday, you reflect on your calendar, and I just pulled this out of the unredacted copies, at 11:00 o'clock an NSC meeting.

A Yes.

Q I believe it is your testimony there was an NSC meeting on Tuesday, January 7, at which the Iran Initiative was first discussed?

A That is correct. NSC or NSPG, I am not sure which. January 6, there was an NSC meeting, and there was another one on January 7. It says NSC meeting, although I believe it was held in the Situation Room. It was an NSPG meeting on Tuesday, the 7th.

Q It was an NSC on Monday, the 6th, and an NSPG meeting on Tuesday, the 7th?

A Yes. And probably the reason for having so many that week is we were just back from the Christmas Holidays, and so there had obviously been some things that had piled up.

Q Is there any difference in staff attendance between the NSC and NSPG meeting?

A Yes. An NSC meeting was normally held in the Cabinet Room and would normally include the principals and one other person from each of the departments involved. At NSC meetings, you would sometimes have additional agencies. For example, if it was something having to do with nuclear matters, we would often have the Secretary of Energy. If it was something having to do with general foreign policy matters, we would often have the USIA, United States

Information Agency, particularly if it had to do with a Presidential visit or a foreign Head of State here.

Whereas an NSPG meeting was always smaller. It was principals only. Very rarely would there be number two people from the departments.

Q Would staff members of the NSC regularly attend the NSPG meetings?

A NSPG meetings, there would be a restricted staff from the NSC, maybe two or three members, whereas at an NSC meeting, you normally have five or six members, and more White House staff members at NSC meetings.

Q Taking a look again at this schedule for Monday, January 6, there is a meeting at 3:45, I believe it says "EM, DLJ and --

A And Oliver North.

Q That is written in hand, as opposed to typed in.

A Yes.

Q Can you glean anything from the fact it was entered by hand?

A Yes, the fact it was not originally on the schedule when the schedule was typed. In this meeting at 4:20 p.m. on the 4th of January, which was the previous Friday, and that it was added probably on Monday morning or sometime during the day on Monday.

Q In that regard, and I should have made an extra copy of this, but I did not, let me show you a telephone log. This was supplied to us. Please forgive the highlighting, if you would.

A That's all right. Right.

Q That reflects a phone message that came into you that day, does it not?

A Yes.

Q What does it say?

A The phone message says "Oliver North called, he left", it says that he spoke with Mr. Meese, and they are to have a meeting this afternoon with Admiral Poindexter.

Q What time did that phone message come up?

A That came in at 12:25 in the afternoon.

Q Would that explain why there was a handwritten entry on your calendar?

A Yes, but it wouldn't explain why Admiral Poindexter never got there.

Q That was going to be my next question. The entry on your calendar doesn't mention Admiral Poindexter.

A No. And many times that entry could be put on there after they actually showed up, because you see underneath there, it looks like written in pencil, or something, was some kind of a meeting, it's hard to say, some kind of meeting, it says a half hour at 4:15. So I am not sure. I guess that refers to another entry.

I don't know whether that was put in after they got there as a record of them being there or whether that was put in in advance.

Q Let me indicate to you that Colonel North's calenda reflects that he was present at what he called a NSPG meeting at 11:00 o'clock on Monday morning. With that piece of information, with the telephone message indicating that he had spoken to you and was going to be coming to your office in the afternoon, does that refresh your recollection at all as to any of the substance of the meeting, or it occurring that day?

A The meeting at 3:45?

Q Yes.

A No, it doesn't.

Q You still don't have an independent recollection?

A I still don't have an independent recollection exce what I have been told.

Q Can you recall any other occasions on which Mr. North would have been present in your office?

A I remember, I believe he came to my office to talk about obtaining DEA assistance in finding informants who might be helpful with the location of the hostages.

Q Any other -- other than those, the one occasion you can't recall and this DEA occasion, do you recall any other instances?

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A I don't recall any. There may have been one or two, or if you --

Q Can we assume Mr. Jensen would not have been present at the DEA meeting?

A He might have been, I don't recall. I don't recall whether that happened while he was still my deputy.

Q Turning to the January 7 to January 17 period, this is the period after you first learned of the Iranian Initiative and before or up to the drafting of the finding itself, were there discussions at that time of the relative merits or demerits of an indirect sale versus a direct sale? That is, making the sale of missiles to Iran through an intermediary, like Israel, as opposed to the United States selling them directly to Iran?

A My recollection was that the plan was always to sell the weapons through, transfer the weapons through Israel and that there were discussions as to different ways of accomplishing that through intermediaries. For example, on the financing and all that sort of thing, how that would be done, whether that would be done directly through transfers from the Army, whether they be third-party intermediaries or something like that. I think there were various alternatives looked at.

Q The distinction I am trying to draw is between the United States transferring weapons, setting aside foreign sending weapons directly to Iran in distinction to Israel supplying Iran with its weapons and the United States replenishing Israel's stock. Was there a distinction drawn along those lines?

A My recollection was that Israel was always to be involved, but it may have been discussed, there may have been discussions, I just don't recall there were discussions of the United States transferring weapons directly to Iran. My best recollection is that they always went through Israel, and most of the discussions had to do with going through Israel.

Q Did any of the discussions have to do with Israel selling their own arms, in their possession, to Iran and the United States selling arms to Israel?

A I can't recall now in January, because I can't recall -- it is sort of blurred in my mind between what I learned later about what had taken place in 1985 and what the plan was for 1986.

Q I think we can agree the 1985 deals took place that way, that is Israel sold their arms to Iran, and we replenished their stocks?

A Yes. And it may be in 19 -- when the plan was suggested to us in January of 1986, my best recollection is that the weapons were always going to, that the weapons may have started in the United States and then gone to

Israel and then gone to Iran rather than the use of Israeli weapons, but I can't recall for sure.

Q Do you recall any legal distinction or legal significance to the difference between those two transactions, particularly under the Arms Export Control Act?

A Yes. I think that may have been discussed, and it was in that context that there was discussion if the President used the National Security Act, it really didn't matter based upon the William French Smith opinion.

Q And was the deal structured to allow the sale to go under the National Security Act, as opposed to the Arms Export Control Act?

A That is my recollection, yes.

Q And was it structured in that fashion in part or in toto because the Arms Export Control Act required congressional notification, whereas the National Security Act, at least, allowed a little bit of leeway as far as notification?

A That was a consideration, yes.

Q Was that your idea or your suggestion?

A No, I believe that suggestion came from the CIA, from Bill Casey, because I was asked, I was not asked for any original legal advice on the subject. It was more a matter of asking me to concur with a plan that had already been developed, both a legal plan and operational plan that had been developed by CIA and/or the NSC staff.

Q And in context of shaping the deal under the National Security Act, as opposed to the Arms Export Control Act, you don't recall any discussion of prior sales that might have been done through Israel?

A I don't recall any such discussion, no. Prior to 1986 you are talking about?

Q Yes.

A No.

Q Did you ever feel that it was your role to follow up on the arms transactions in any way to ensure any congressional notification was in fact done?

A No.

Q Who, if anyone, would have been responsible for doing that?

A Well, the responsibility would have been someone in the National Security Council staff or someone in the CIA, probably the National Security Council staff.

Q We talked a little bit about the Southern Air Transport investigation, and I want to focus on a couple specific points there. At the time Admiral Poindexter called you to discuss this Southern Air Transport investigation, you were aware, I think you said, that the Hasenfus plane had gone down in Nicaragua.

A I believe I was generally, yes.

Q And you were aware, were you not, that there was, that what the, that the investigation was focusing on the ownership and financing of that resupply flight?

A I didn't really have much information as to what the investigation involved. I knew there was generally an investigation, I didn't know the details of it at all.

Q You knew that the allegation at least was that the plane had been resupplying the contras, is that fair to say?

A My best recollection is that it had something to do with the contras, yes.

Q At that time, you also were aware, were you not, that Colonel North was, I don't want to say this in a way that is loaded, but I want to say actively involved in the contra account for the National Security Council. Is that a fair statement?

A I guess I knew that. I guess I knew that he was involved in the whole, in the Central American and particularly the Nicaraguan situation, yes.

Q And you knew there had been allegations in the press that, in fact, Colonel North was running the resupply operation?

A I don't recall whether I knew that at the time or not, whether I paid much attention to that or not.

Q Let me just show you a few newspaper articles from late '85 and just take a look at them, if you could, for a moment and see if you recall seeing any of them at the time

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or being aware of the allegations that were being made. Let's have them marked. Deposition Exhibit 2, which would be an article dated August 9, 1985, called "Role in Nicaragua Described by U.S., Administration Says Contacts With Rebels Were Legal."

A Dated the 9th of August.

Q It goes on to describe a White House official making statements about the administration's involvement and mentioning the NSC being involved in it.

A I am sure I was generally knowledgeable of this, yes.

Q I am not going to take you through several of the other articles.

(Exhibit No. 2 was marked for identification.)

BY MR. McGOUGH:

Q Is it fair to say there was something of a controversy about the NSC's role, subject of controversy over the NSC's role or alleged role in relationship to the contras throughout the latter part of 1985 and on into 1986?

A Yes, I knew there was a political controversy and differences of opinion generally between the administration and some people in the Congress.

Q And Admiral Poindexter called you and asked you to postpone or to put off portions of the SAT investigation because they were involved in the Iran Initiative. Is that

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fair to say?

A That is correct. I knew Southern Air Transport, or I guess I assumed, or maybe he told me they were a proprietary line of CIA.

Q Were you aware at that time that Colonel North was involved in the Iranian Initiative?

A I don't know whether I was or not.

Q He was the one who met with you on January 6, was he not?

A Yes, he was. So I was aware that he was involved, yes.

Q At that time, did you make any connection between the NSC's role with the contras and the NSC's role with the Iranian Initiative because it involved the same carrier?

A No. I assumed that the carrier being a CIA proprietary was being used for the Iranian operation, and that that had no connection with anything in Central America.

Q Did you attempt to limit, I want to say limit the limitation, but that is a double negative. Did you attempt to allow the investigation to go forward as to the contra side but have the investigation stopped or postponed as to the Iranian side?

A My understanding was the investigation was not involving the Iranian side, that there was an investigation in existence. I knew very little about what they were

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investigating. The impression I got from Admiral Poindexter was that people in Southern Air Transport, that the FBI was trying to investigate people or that they were trying to get records, and that it was necessary for the people who were involved in Southern Air Transport to be used or to be active in something relating to the Iranian Initiative during that period of time, and, therefore, he asked for a short delay, a few days' delay in the FBI investigation.

So what I did was ask Steve Trott, who is my Associate Attorney General and who handles those things with the FBI and other law enforcement agencies, to find out whether a few days' delay could be accomplished without in any way hindering or endangering the investigation because of Southern Air Transport's participation in a project for the National Security Council staff. And so he did that and was advised by the Director of the FBI they could delay their investigation a few days without hindering that phase of the investigation for a few days without hindering the investigation, so it was done.

Q Had you ever been contacted by the NSC regarding a pending criminal investigation prior to that time?

A Not that I can recall.

Q Let's just, to complete it, I don't want to come into 1987, but up until January 1, 1987, have you been contacted by the NSC?

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A Not that I can recall.

Q Was any attempt, or did you ever hear of an investigation into a company called Maule Air Company? They manufacture small planes and are located in Atlanta, Georgia.

A Not that I remember.

Q I would like to focus on one other investigation, if I could, and that is an investigation that has gone under a number of names. There has been quite a bit of press about it. This is the Neutrality Act assassination plot case out of the Southern District of Florida, which involved originally an alleged attempt to assassinate Ambassador Tambs, and evolved into a Neutrality Act investigation and a gun-running investigation. There has been a fair amount of press. There have been newspaper allegations that Leon Kelner, the United States Attorney in the Southern District of Florida, received instructions from Main Justice to slow down this investigation.

Can you tell me, or do you recall when you first became aware of that case?

A I can't remember exactly, but I became aware of it through the press. I can't remember exactly when in terms of a date. I do know that I was aware of it at the time that I was in Miami to visit some FBI agents who had been

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incident whenever that occurred, because I was there visiting these wounded FBI agents, and Leon Kelner was there with me, along with FBI people from Miami.

In the course of leaving the hospital, walking to the elevator, Lowell Jensen and I were there together, and I asked him if there was such an investigation going on, and it related -- the way I knew it was -- it related to allegedly contras being involved with gun-running and possibly with drugs.

And I asked him if there was such an investigation going, he told me that there was. And that's about the sum total of my contact with him on the subject or my knowledge of the investigation.

Q I think the record will show that your visit to Miami took place on or about April 10, 1986, and it was in connection with FBI agents who were shot. Do you recall who first told you about the case?

A I think it was in the press, if I remember correctly, that I first learned it.

Q Were you ever contacted, or did you ever speak to anyone at the NSC about that?

A Not that I recall.

Q Do you recall seeing any written materials, any written reports on the case?

A I may have. I can't recall now seeing it. That is

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not the same case Mr. Conyers was asking about, is it?

Q I am not sure what Mr. Conyers was asking about.

MR. LEON: You testified earlier to that.

THE WITNESS: Yes.

MR. LEON: Let me check my notes.

MR. MATTHEWS: That was regarding the downing of the Hasenfus plane.

THE WITNESS: I don't recall, but I may have seen reports on it.

BY MR. McGOUGH:

Q Do you recall meeting with Lowell Jensen in late March of 1986 and discussing the advisability of briefing Admiral Poindexter?

A I don't recall it now. It is possible I may have, I don't know.

Q Have you recently, within the last three or four months, discussed that event with Mr. Jensen?

A No, I have not. At least I don't recall discussing it with him.

Q Is the problem the timing -- do you ever recall discussing that?

A I have no recollection of discussing that matter with Lowell Jensen at all.

Q And that includes discussing it retrospectively, that is Judge Jensen saying to you, "Do you remember the meeting we had where we discussed briefing Admiral Poindexter on the case?"

A I don't recall that.

Q To your knowledge, has Admiral Poindexter ever contacted you about that case?

A Not that I can recall.

Q To your knowledge, did anyone at the NSC ever contact you on that case?

A Not that I can recall.

Q To your knowledge, did you or anyone at the Department of Justice indicate to Mr. Kelner or anyone in his office that they ought to slow down their investigation or be dilatory or otherwise see to it that any charges or investigation in the case was delayed?

A Not to my knowledge.

Q Would you have recalled such instructions if in fact you were aware of them?

A I believe I would.

Q Do you recall ever discussing the case with Mark Richards or Stephen Trott?

A I don't recall it. I might have.

Q Do you recall ever instructing any of your subordinates to brief the NSC on any pending investigation?

A I don't recall directing or instructing anybody to do that, no.

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Q Let's go back to the conversation you had with Leon Kelner. I believe you said you asked him if there was such a case. Do you recall what his response was?

A I think they did have such a case and were investigating it, words to that effect is my best recollection.

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Q Do you recall anything else about that conversation?

A No. It was a very brief conversation on the way to the elevator or in the elevator.

Q Do you have any fixed recollection of Mr. Jensen being present during that conversation?

A I believe he was. I am not absolutely positive, but I am pretty sure he was.

Q Did you discuss any other cases with Mr. Kelner?

A Not that I can recall.

Q Why did you single that case out?

A Just because it was getting a lot of publicity at the time and I was curious whether there was such a case, or whether there was such an investigation going on.

Q Did Mr. Kelner ask you for any advice or guidance on the case?

A Not that I can recall. If he had, I would have said handle it like any other case.

Q Prior to that time, had you ever met Mr. Kelner?

A Oh, I am sure I had, yes. He was, I think he was an Assistant U.S. Attorney while Stanley Marcus was there and then he became U.S. Attorney, if I remember correctly.

Q Did you ever have any substantive discussions with him about any cases in his office other than --

A I visited the office down there and discussed a whole lot of cases with him, you know, the usual review I

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do when I go around visiting U.S. Attorneys' offices.

Q You say "with them", Mr. Kelner?

A I think he was the assistant in charge in the office at that time or one of the assistants when I visited that office down there.

Q What about after he became U.S. Attorney, do you recall having any substantive discussions of cases with him at that time?

A I may have. I don't recall specifically.

Q Do you recall on your trip to Miami who rode with whom?

I understand Mr. Kelner met you at the airport and you traveled to several hospitals.

A We traveled to two hospitals. I don't remember who was in the car with me now. It may have been Mr. Jensen or it may have been one of the FBI agents. It may have been Mr. Kelner. I think it was probably either Mr. Jensen or one of the FBI, one of the special agents in charge.

Q Do you ever recall discussing with anyone the political implications of that investigation?

A Not that I can recall.

Q Do you ever recall discussing with anyone the impact that the investigation might have on any vote in Congress?

A No. I don't recall such a discussion of that nature.

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Q After your conversation with Mr. Kelner, do you recall receiving any further information or briefings on that case?

A I may have. I don't have a specific recollection now. I may have, as I would with any cases.

Q Have you spoken to Mr. Kelner since April 10, 1986?

A Oh, yes. At the U.S. Attorney Conference and other meetings, I am sure I have seen him on a number of occasions.

Q Have you ever spoken to him about this matter?

A Not that I can recall.

Q Have you ever spoken to him about his frustration or anger over the press allegations that arose out of the investigation?

A I don't remember speaking to him about that. It is possible that I did one of the times I have seen him. But I don't remember it.

Q Were you aware that the FBI agents and the Assistant United States Attorney had gone to Costa Rica on that case?

A I don't believe so, no. I don't recall ever having learned that.

Q Was this the type of case that you would feel it was necessary to alert the NSC to?

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A I don't recall ever alerting the NSC and I don't recall any basis on why we would alert them.

Q There was nothing about the case that you can recall that would have required a heads-up or a briefing to the NSC?

A Not that I can recall. I think if anything like that would have happened, it would have been recommended or suggested by somebody in the Criminal Division or by the Associate Attorney General or Deputy Attorney General. I don't have any recollection of that.

MS. NAUGHTON: Can I ask one follow-up on that?

Do you recall what did Mr. Kelner tell you the progress of the investigation was?

In other words, was he ready to go to grand jury? Was it just beginning? Had he indicted?

THE WITNESS: I don't have a specific recollection. My best recollection is that he told me that it was an investigation, that they were just in the process of looking into it or something like that, but I can't tell you specifically.

MS. NAUGHTON: Did he mention any subjects of the investigation?

THE WITNESS: No, I don't believe so. At least, I don't recall it. And not any names that would have made any difference to me anyway.

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MS. NAUGHTON: Did he indicate that he had been in touch with the Department of Justice about the case prior to your inquiring about it?

THE WITNESS: I don't recall whether he did or not.

MS. NAUGHTON: Thank you.

BY MR. McGOUGH:

Q General Meese, let me go to the fact-finding as it has become known, and I have just a very limited group of questions on that and they relate to when and how the records were secured at the NSC.

Can you recall the -- or can you put a date or time on your first instructions to anyone to secure the records of the NSC?

A Well, first of all, on Saturday our people had looked at all the records during their review that took place throughout the day on Saturday. Then on Tuesday, when we commenced a criminal investigation, we asked that the records, I asked my deputy -- we have a procedure here that any time there is a criminal case or any litigation case of any sort, the contact between the Justice Department and the White House is between the Deputy Attorney General and the White House counsel, and so I asked the Deputy Attorney General as a matter of routine to make sure that the files of the NSC, the documents pertaining to this matter, were secured as part of the initiation of criminal inquiry.

Q What do you mean by "secured"?

A Well, to make sure they would be intact and held intact for further investigation.

Q You would want to exclude access or prevent access by, for example, Oliver North?

A Well, I wouldn't have said Oliver North, necessarily, specifically, but any, that to maintain -- to ensure that the documents were maintained intact so they would be looked at by investigators in the future.

Q And when do you recall making that decision?

A Some time in the early afternoon of Tuesday, the 25th, when we brought the Criminal Division people into it for the first time.

Q Was there a delay of some kind in getting them secured?

A My understanding was that the Deputy Attorney General, there was some misunderstanding on the part of the Deputy Attorney General about the immediacy of doing that, but that later on in the afternoon he did make calls to the White House, and I don't know whether -- I believe those calls were returned the following day and that he passed on those directions to the White House counsel and the White House counsel indicated they had already taken that precaution.

Q Do you know when, in fact, the records were physically secured?

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A No, I do not.

MR. LEON: Can I follow-up on that?

MR. McGOUGH: Sure.

MR. LEON: Mr. Cooper testified, I believe, that you showed a rare reaction of being upset. Apparently it is not your custom to show, at least facially, whenever you are upset with someone. Apparently you were upset it hadn't been done right away. When you directed Deputy Burns to get it done the second time that day, you evidenced the fact you we upset about it. Is that accurate?

THE WITNESS: It is possible. I don't remember now.

MR. LEON: The reason I ask is I would like you to share for the record your sense of urgency in getting it done right away. Did you feel Tuesday afternoon when you thought you had clearly explained you wanted it done, did you feel at that time it was urgent it be done and you wanted it done right away?

THE WITNESS: I felt it was urgent in the sense we had people who had been relieved of duty over there and people would be leaving the White House and I felt a sense of urgency then. Plus the fact we were now in the process of commencing a criminal investigation so you want that done right away when that happens.

MR. LEON: When you left that meeting, you believed anyway that was going to be done right away, did you not?

THE WITNESS: That is right.

BY MR. McGOUGH:

Q When you were interviewing Mr. McFarlane and he took you aside, could you put on the record exactly what it was he said to you in this aside?

A Well, I can't recall exactly what he said, but it was to the effect that I think he had given a speech or something, in which he had taken a lot of the blame for the Iranian initiative or the arms transfer to Iran. That I am a little uncertain of, is exactly what he said about that. But I do generally recall that he said something about the fact he wanted me to know the President was generally behind this whole thing.

There was no doubt in the mind of the President this was the thing to do, to go along with this initiative, and that -- and it was in that sense that I said the most important thing was to be sure we got the whole truth out, that we got the truth, and that he should not try to shade this one way or the other thinking he was protecting the President.

Q Did you have any reason to believe at that point he might be shading it one way or the other?

A It was his hesitancy when he was talking about, and his inability to remember exactly what the President had

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said in those meetings during the summer of 1985. He appeared hesitant at that time. In my mind, I felt perhaps he was trying to shield the President in some way. I explained to him what was really important was to tell the truth and let the facts come out as they existed. And that he shouldn't try to figure out what would help the President or not help the President.

I said something to the effect, for example, if the President had approved it, that might help rather than . hurt.

Q Did he say anything specifically about protecting the President to the best of your recollection?

A Not about protecting the President, but when he said he wanted me to know the President was fully behind this, it, he was much more vociferous about that aspect than he had been when he talked to us about it earlier on when he gave his narrative account.

Q Mr. Leon pointed out at the outset of your interview with Colonel North you gave him a little lecture about telling the truth and not trying to protect the President or putting a spin on it. Had you given that same kind of lecture to Mr. McFarlane at the outset of his interview?

A No, I don't believe I had.

Q What changed?

A Well, it wasn't the fact -- I was concerned people

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So when I said it to Ollie North, I said that so that nobody would pull any punches on the thing and we would get the facts out.

That was the best way we could help the President.

Q I believe you said Mr. Reynolds and Mr. Richardson reported to you they found several versions of the diversion memo, only one of which had the diversion in it.

A They told me they had found what appeared to be the same basic memo or same type of memo, but only one of which had the proposal for the diversion of funds, yes,

Q Did that lead you or them at that time to suspect alteration of documents?

A No, it didn't. It rather -- I don't believe anybody mentioned that at the time, I don't recall. There was more than likely various versions of the same proposal, some of which included the diversion of funds and others which didn't.

MR. LEON: Mr. McFarlane in that Friday afternoon, General, he didn't in any way suggest to you, did he, he knew about a diversion of funds to the contras?

THE WITNESS: Not at all.

MR. LEON: You were just making reference to his speech and that he had made a speech. I don't want to have any uncertainty in the record. He didn't indicate to you he had made a speech where he acknowledged responsibility for diversion, had he?

THE WITNESS: No. He had acknowledged responsibility for the plan of arms transfers and the plan that related to the Iranian initiative.

BY MR. McGOUGH:

Q In your meeting with Mr. Casey on Saturday night at his home, at that point you were aware there was a diversion memo. I think you said you recalled Mr. Casey saying something about the Canadians alleging funds from the arms sale had been used for Israeli or U.S. Government projects.

A Israeli or U.S. projects.

Q Did you press him at that point to determine whether the U.S. projects he was talking about were the same U.S. projects referred to in the diversion memo?

A No, I didn't, particularly because it didn't appear to me they were, and also it appeared this was more of a, if you will, a coercion tactic by the Canadians or the people to whom the money was owed.

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Q Why did it appear to you they weren't the same projects?

A There was nothing there to indicate they were and he indicated to me this was much more, they were just trying to coerce the United States to make up the money that they were owed.

Q But you were aware at that point Oliver North was connected with both the contra account and the Iranian account and the NSC?

A I am not sure I was that aware of it until we talked with him about it.

Q You knew he was the person in the NSC responsible for the Central American issue?

A I knew that, yes.

Q I think we agreed you knew about the press allegations about his supervision of the contra supply network?

A That is true.

Q By that time the Hasenfus plane had gone down; is that correct?

A Yes.

Q And now you had a memo that seemed to set forth the transfer of funds from the Iranian sale to the contras, and Colonel North had been involved with the Iranian sale. By that time you knew pretty intimately; is that fair to say?

CAS-13 A At that time I don't know we knew -- we knew he had been involved. I don't know how much we knew he had been involved because I hadn't talked with him at that time but he certainly had been involved.

Q What I am trying to probe is why when Mr. Casey said to you Israeli--and the money had been diverted or used for Israeli and U.S. Government projects, in light of having just found the diversion memo that morning, why it didn't, why you didn't press him on whether the U.S. Government project included the contras?

A Well, for one thing, until we talked with Ollie North and found out whether there was anything to this memo, I didn't want to reveal that fact to anyone, particularly anyone I was talking with who -- whom we might want to interview on this whole subject.

Q Without revealing the fact, might not that have been an important question to ask in order to interview North the next day?

A In the way in which Bill Casey told it to me, it didn't pertain to anything that would strike me as having to do with the contra project. It certainly didn't indicate any knowledge on the part of these men that there actually was something going on there.

Q You discussed a little while ago that Colonel North was relieved of duty at the NSC, whereas Admiral Poindexter was allowed to resign. Was there a proportionality of synch there at all?

A Well, there was a big difference in their positions, and this was something that I really didn't participate much in, it was more White House people since they were White House personnel, but one thing was that Admiral Poindexter was a direct appointee, if you will, of the President, whereas Colonel North was detailed from the Marine Corps, and so there was a qualitative difference in their status within the White House.

Q Did it have to do with their own individual status or did it have to do with the decision by someone at the White House, either in whole or part, a decision by someone in the White House that Colonel North was somehow more to blame for what happened than Admiral Poindexter or deserved a higher penalty?

A I don't know. You would have to ask Don Regan that, I can't tell you. In my own mind, it was more the difference in their status, because people at Colonel North's level were transferred in and out all the time.

Q When you interviewed -- well, strike that. That has been answered.

You indicated that you were not aware of any solicitation, any contributions by foreign countries to the contras.

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A I may have been aware of it. I don't recall particularly being aware of it. It wasn't high in my consciousness.

I may have been aware of it from reading the newspapers or hearing about it in the White House.

Q Were you aware other than from the newspapers of any solicitation of contributions from foreign countries for the contras?

A I don't reall whether I was at that time or not. I, of course, have become aware since that time. I don't know whether my knowledge goes back that far or not.

Q Were you ever asked for legal advice regarding the legalitites of solicitations?

A Not that I recall. I doubt if I was.

Q To your knowledge, were you ever asked to render legal advice regarding any aspect of the Boland Amendment in its various manifestations?

A Not that I can recall.

Q To your knowledge, was the Department of Justice ever asked to render prospective legal advice on the Boland Amendment?

A I don't recall that it was, and I would have to inquire whether the Office of Legal Counsel was or not.

Q Would these inquiries normally be brought to your attention or could they have come in and gone out without

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your knowing about it?

A They could have come in and gone out without my being conscious of it. I do get a report each week of new matters entertained by the Office of Legal Counsel which I scan most weeks, but I don't usually go over it in detail.

Q Were you at any time aware of any Government official being involved with solicitations of private citizens, private individuals for contributions to the contras?

A I don't recall that I was.

Q Were you involved in any role Oliver North might have played in assisting organizations out of the National Endowment for the Preservation of Liberty, Mr. Channell's organization, or Mr. Miller's organization?

A Well, the only thing that I can recall was inadvertently one time being asked by Dave Fisher, if that is one of the organizations--David Fisher, who had been a special assistant to the President or staff aid to the President, or something--asked me if I would be a guest at a dinner, or maybe the guest of honor at a dinner at an organization with a patriotic name was involved in, and he said that they were very supportive of the President's position on the contras and a lot of the other things the President was doing.

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And I said, yes, I would be glad to consider that. And it was while that was apparently being considered, I don't know, we had gotten a formal invitation or whether it was just an informal inquiry, that all of this broke regarding David Fisher and Mr. Channell.

Q And did you at that point defer or decline invitations

A Yes. We stopped any further consideration of that.

Q Would it be possible to maybe dig that out for us so we can figure out who the organization was?

A Sure.

Q Miss Naughton asked you about a newspaper allegation that, or maybe perhaps you raised it yourself, a newspaper allegation a fellow in Texas said he had been referred to Colonel North or the NSC by you in order to assist the contras?

A What I referred to was a newspaper article that someone, I don't know whether it was a man or woman, or I don't know where they were from, supposedly called my office while I was in the White House about supporting the contras or supporting our program in Central America, somewhere along that line, and they were referred by a secretary in my office to the NSC which in turn referred, the article said, referred them to Oliver North. That is why I know about them.

Q Let me mark as an exhibit a letter dated

CAS-18

November 15, 1983 from you to an individual by the name of Phillip Mabry, m-a-b-r-y.

end 6A

(Exhibit EM-3 was marked for identification.)

TOP SECRET

BY MR. McGOUGH:

Q Do you recognize either this letter or the fellow to whom it is addressed or the organization?

A I don't recognize the name of the organization or the letter other than the fact it appears to have been written in the White House and appears to have been signed by me. I don't know whether that is my actual signature or a signature machine.

Q Can you tell from that whether you actually signed it or --

A No, I can't. But if we got the original documents from the White House, which would show the tracking sheet, I could identify more about it. Do we have that at all?

MR. McGOUGH: I don't.

MR. LEON: I don't think we have.

THE WITNESS: Could we get an extra copy of that? And we'll try to track it down.

BY MR. McGOUGH:

Q At or about this time, do you recall if there were any standing instructions in your office as to where inquiries regarding the Nicaraguan assistance to the contras should be referred?

A I don't recall anything per se, anything relating to national security affairs normally would be referred automatically to the National Security Council staff.

[illegible]

Q As opposed to the State Department?

A Yes. It would be referred to the National Security Council staff in the White House, and this looks like the kind of form letter normally used by the Correspondence Unit. I would doubt if I would ever see this letter. I would not dictate a letter like this. This looks like it is prepared by some staff member.

Q It is not a memorable letter?

A It looks like the form paragraphs I recognize as th kind of thing they would normally do on anything that came in that didn't pertain to our office.

Q You may have answered this question. In regard to the Drug Enforcement Administration and Colonel North's request for authorization or assistance, can you put a time-frame on it at all, a date as to when he might have approache you initially?

A I can't at this stage. I am sure we can probably establish that.

Q Do you recall whether he did it in a face-to-face meeting here?

A I think it was a face-to-face meeting either here or some place else.

BY MR. LEON:

Q Did Colonel North, in any of your meetings with him, if there was more than one, did he at any time personally inform you that he was involved in some kind of a contra resupply effort down in Central America, anything along those lines?

A I don't recall any such conversation with him.

BY MR. McGOUGH:

Q General Meese, let me focus you, if I could, on the evening of November 24, 1986. This would be the night before the press conference. Do you recall receiving word from anyone in the Department of Justice that a story about the diversion of funds to the contras was in the hands of a reporter and would be the subject of a news story the next day?

A I don't recall that, no. I don't think there was one, so I am sure if it had been true, there would have been a story the next day. I don't recall it.

MR. McGOUGH: I think that is all I have.

MR. LEON: Let me follow up on that last point there.

BY MR. LEON:

Q Mr. Cooper indicated one of the major reasons why there was a heightened sense of urgency that weekend with regard to the issue is because, in discussing it with yourself and the other members of the team, there was a realization that it had to be the President who made known this diversion, as opposed to others.

A Sure.

Q Do you remember having those kinds of discussions generally with Mr. Cooper?

A I am sure we did, because it was very important I felt that it be the President or the administration that got it out, and if it was otherwise, someone would always claim there was a cover-up or we were trying to conceal it, and obviously we were not.

Q And that heightened the sense of urgency?

A It heightened the sense of urgency, sure.

BY MR. McGOUGH:

Q Do you recall meeting with Mr. McFarlane on the Drug Enforcement Administration, hostage situation, or speaking to him about it?

A I don't recall it, although it's possible I did at one time.

BY MS. NAUGHTON:

Q Do you recall what you would have said to Mr. McFarlane?

A I say it is possible. I don't recall such a conversation. But he might have asked for the same kind of assistance that North did. I don't remember when that all occurred, so I don't remember whether he was the National Security Assistant or whether it was during Poindexter's time.

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Q Was it your sense, when you were briefed by Colonel North, this was prospective; in other words, something was to happen, or to sanction something that you had already done?

A No, it was my understanding it was to authorize something that was going to happen.

Q On another topic, there was a case in the Southern District of Florida, a criminal development, by the name of Buse-Rosa who had been in Central America. Were you familiar with that case?

A No, I don't believe so. I have heard about it recently, but I don't have any recollection of it now.

Q Were you aware at the time of any participation by anyone in the Department of Justice with the NSC and Oliver North in discussing the potential sentence that General Buse-Rosa would serve?

A I don't recall it, and I don't recall any of the details of the case or what it was all about.

Q Was that case ever brought to your attention by anyone at the NSC staff?

A Not that I remember. I can't recall it. I don't have any recollection of it, but I have heard that case mentioned recently.

Q Do you remember in what connection?

A I don't remember in what connection. I believe in

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connection with these hearings.

Q There is another case, it goes by the name Zadeh out of Philadelphia. This is a fellow who portended to be a Saudi Prince with whom Oliver North was involved. Were you aware of that case while it was pending?

A I don't recall it, no. I don't even recognize it now.

Q Oliver North was interviewed by the FBI on that on other occasions. Were you ever made aware by the FBI, Department of Justice or NSC staff Oliver North had been interviewed?

A I don't recall that. It is possible I might have gotten one of our routine memos on it. I get as many as half a dozen a day on those kinds of things. Usually if someone in the government is concerned, I may get a memo on it. I don't recall it.

Q Do you recall, did Colonel North, Admiral Poindexter or anyone at the NSC complain to you or ask you to open any investigation against anyone for any reason?

A Not that I can recall.

Q Specifically, did either Admiral Poindexter or Colonel North ask you to investigate Colonel North's allegation people were vandalizing his property or killing his dog?

A No, I don't recall anything along that line. I think I would have remembered it. This wouldn't be something we would get involved in anyway. It would be a local police matter.

Q You are not aware the FBI had interviewed Colonel North with regard to any of these areas?

A I was not aware of it, not that I can recall being aware of it. I might have heard something about it more recently, but not about the FBI being involved.

Q Do you know Buck Revell?

A Very well.

Q Do you know what Buck Revell's relationship is with Oliver North?

A The only thing I know is that I think they served on committees of the NSC staff together, part of the National Security Council's working group structure.

MR. LEON: TWIG?

THE WITNESS: TWIG would probably be one. I know Buck serves on it. I don't know whether Oliver North served on it. That is the Terrorism Working Group. There may be other groups too. There is a whole galaxy of these kinds of groups.

BY MS. NAUGHTON:

Q Do you know whether or not Mr. Revell had shared any knowledge gained in criminal investigations with Colonel North?

A Not that I can remember having heard of, no.

Q Do you know when Mr. Revell was made aware of your weekend inquiry?

A No, I don't. I know it probably would not have been later than the 26th, which was a Wednesday, because on that day I had alerted, I had alerted Bill Webster, and I don't know whether I tried to reach him on Tuesday evening, he was out of town I believe, or Wednesday morning, but I did reach him, I think, either at an airport or in Chicago or some place, and I am sure at that time at least he would have then contacted Buck Revell, because I believe that afternoon Buck Revell's -- one of the people working for Revell, Floyd Clark, attended a meeting in which there was a meeting on this general matter.

Q When you spoke to Director Webster on the 21st, did you ask him to keep this close and not to tell anyone that you were conducting this inquiry?

A I doubt it. I doubt if I did. I think he would ha more or less known that anyway. I don't think I specifically mentioned it.

Q So you don't have any knowledge whether or not he told Buck Revell about it?

A No, I don't.

Q There was testimony several months ago before the Foreign Affairs Subcommittee in which Ambassador Whittlesey

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stated she received calls in the fall of 1986 from Oliver North wanting help with some problem. Around the fall of '86 she also placed several calls to the Department of Justice yours, Mr. Cribb, and Mr. Reynolds. Do you know what those calls were about, do you recall?

A I don't remember whether I talked with her or not. I don't have any recollection of talking with her, myself. She may have talked with others in the Department.

Q Have you learned since what those calls were about?

A I can't tell you what those calls were about specifically. I do know at about that time we had an investigation or an inquiry going, it wasn't an investigation actually, an inquiry going about some allegations that had been made through the State Department.

Q And Independent Counsel was requested?

A No, I think Independent Counsel was not requested.

Q But it was a preliminary --

A It was either a preliminary inquiry or an initial inquiry relating to a possible Independent Counsel investigation, yes.

Q And do you know, was she calling on that topic? Did you ever determine she was calling on that topic or another topic?

A I don't know because I don't know, I don't

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remember whether I ever talked with her about anything.

Q Have you spoken to her since? This would have been around October, 1986.

A I can't remember whether I have talked to Faith Whittlesey since that time or not. I think she has been over here since.

Q Mr. Reynolds tells us he recused himself from the decision whether to seek Independent Counsel.

A I believe so.

Q Do you know why he recused himself?

A Because he may have a close relationship with Faith Whittlesey. It would mean that he would not participate in the decision. So I don't know the basis for it specifically.

MR. MATTHEWS: I hate to break in. It is a little past 5:00.

BY MS. NAUGHTON:

Q I take it you did participate in the decision?

A Yes. Ultimately I made the decision, but it was based upon the recommendations of the Criminal Division we not seek an Independent Counsel.

Q Was that a decision of the Public Integrity Section?

A I know it was the senior career prosecutor in the Criminal Division and the Assistant Attorney General in charge of the Criminal Division. I would have to look and see all the memoranda to find out what other recommendations were made.

Q Given that Ambassador Whittlesey had worked at the White House around the same time that you had and you had visited with her in Switzerland, was there any reason that you did not recuse yourself? Could you state your reason?

A There was no reason to recuse myself. If you will look at the basis for recusal in the statute, even on decisions I would make, let along Independent Counsel decisions, which are essentially recusable decisions in themselves, if you seek one, the only basis for recusal would be if there were some personal relationship, such as a strong friendship or a relative, or something like that, which there was no in this case, or some kind of a professional relationship, which there was not, that would affect objectivity.

And in this case, my relationships with her were no different than several hundred other people appointed by the President. When I visited her, it was the same as visiting in any country where the Ambassador normally would have you stay in their home.

MR. LEON: Strictly business?

THE WITNESS: My relationship with her was strictl on the same basis as any other official of the government.

TOP SECRET

BY MS. NAUGHTON:

Q Do you know whether or not when you visited with her in Switzerland you were being entertained by the discretionary fund that was the subject of the investigation?

A I had no knowledge. I was entertained by her the same as I am around the world.

Q When did you learn those funds may have been part of the discretionary fund?

A I don't think I learned until in the course of the investigation there was some allegation.

MS. NAUGHTON: Thank you very much.

MR. LEON: Thanks, General.

drg-end (Whereupon, at 5:05 p.m., the deposition adjourned.)

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TRANSCRIPT
OF PROCEEDINGS

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UNITED STATES SENATE

SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION

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DEPOSITION OF RICHARD H. MELTON

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Washington, D. C.

Wednesday, May 27, 1987

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UNITED STATES SENATE

SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF RICHARD H. MELTON

Washington, D. C.
Wednesday, May 27, 1987

Deposition of RICHARD H. MELTON, called for examination pursuant to notice of deposition, by telephone conference call at the offices of the Senate Select committee, Suite 901, Hart Senate Office Building, at 4:14 p.m. before REBECCA E. EYSTER, a Notary Public within and for the District of Columbia, when were present:

TERRY SMILJANICH, ESQ.
Associate Counsel
United States Senate Select
Committee on Secret Military
Assistance to Iran and the
Nicaraguan Opposition

TIMOTHY E. TRAYLOR, ESQ.
United States House of
Representatives Select
Committee to Investigate
Covert Arms Transactions
With Iran

-- continued --

APPEARANCES (Continued):

GEORGE TAFT, ESQ.
Office of Legal Advisor
United States Department
of State
Washington, D. C.

KIRK-PATRICK KOTULA, ESQ.
Counsel General
United States Embassy
San Jose, Costa Rica

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PROCEEDINGS

MR. SMILJANICH: Mr. Kotula, if you would, go ahead and administer an oath to Chargé Melton, we would appreciate it.

THE WITNESS: I do. I have just taken the oath.

MR. SMILJANICH: We really do need to get it -- go ahead and have him repeat it for the record.

MR. KOTULA: I asked Mr. Melton if he swore or affirmed the statement he is about to make is the truth to the best of his knowledge and he said he did.

MR. SMILJANICH: Thank you.

Whereupon,

RICHARD H. MELTON

was called as a witness and, having first been duly sworn, was examined and testified as follows:

EXAMINATION

BY MR. SMILJANICH:

Q State your full name, please.

A My name is Richard H. Melton.

Q Mr. Melton, you are currently chargé at the American embassy in San Jose, Costa Rica; is that correct?

A That is correct.

Q Starting in July of 1985, what position did you take with the State Department?

A During that month I took the position of Office Director of the Office of Central American Panamanian affairs in the Department of State.

Q That is within the Bureau of Inter-American Affairs; is that correct?

A That is correct.

Q And during your tenure as head of that office, Assistant Secretary Abrams was assistant secretary for that bureau?

A That is correct.

Q Now, in the early part of May of 1986, did you begin the first of a series of face-to-face meetings with a man by the name of General Jack Singlaub?

A That is correct. I believe during that period, the period in question, which is May of 1986, I had one, perhaps two face-to-face meetings with him. I also had several telephone conversations with him.

Q Just to take an overview for a second, in approximately -- in how many meetings in which you were present was Secretary Abrams also present in a direct meeting with General Singlaub?

A I believe, to the best of my recollection, two meetings. I couldn't give you the precise dates of those meetings.

Q Okay, fine. You have with you, do you not, copies of a series of memos that you authored concerning these meetings?

A Yes, I do.

Q And you have referred to those memos to help you refresh your recollection?

A Yes.

Q Okay.

The first memo we have is dated May 8, 1986. First let me ask you, do you recall meeting with General Singlaub on or about that date?

A Yes. With my memory refreshed by looking at the memorandum, yes.

Q Did you ever have any prior meetings with General Singlaub?

A The first memorandum that you referred to covers a meeting, I believe, on May 3rd.

Q I believe the date is, if you will look carefully, maybe your copy is poor, but it looks like my copy shows that the meeting took place on May 8.

A The copy I have, memorandum number 1, dated May 8, the first paragraph of that says that the meeting took place on May 3. That may be an error in transmission.

Q Okay. Okay. It is not particularly pertinent at this moment, but let me ask you, prior to the date of this particular meeting, had you ever met General Singlaub before?

A Yes, I had met him before. Some months before. I don't recall exactly what the date of that was. I don't have any notes with me.

Q Do you recall it was approximately some months before this meeting?

A It was in connection with a -- General Singlaub had gone to a Central American country and negotiated an agreement with the ambassador. It was in connection with that as I recall.

Q Okay. Did you meet with General Singlaub shortly after he came back from that trip?

A That was true. I would have to have the dates here but I think that this series of memos was shortly after that. I have to go back, so someone would have to refresh me on exactly when that agreement took place. But it was in the same time period.

Q Let me just tell you that the records indicate that General Singlaub had these series of meetings in the last week of March of 1986. And there were then a series of cables which I believe culminate in the cable of April 10, 1986. So that is the time frame concerning that particular agreement that General Singlaub negotiated.

So with that as a time frame, about when would it have been that you personally met with General Singlaub?

A It would have been in the context of those meetings that you referred to. I think you said they were in April?

Q Yes. The series of cables ended in April.

A It was in that time frame.

Q Okay. General Singlaub came to your office?

A Before this series of memos took place.

Q General Singlaub came to your office?

A No. No. In that instance, I was in a meeting that took place in Elliott Abrams' office.

Q And who all was present?

A As I recall, I was there, of course, Elliott Abrams, General Singlaub. I am not positive, but Deputy Assistant Secretary William Walker may have been in that meeting as well or in part of that meeting. I am not positive of that.

Q All right. Tell us your best recollection of what was discussed at that meeting.

A The earlier meeting?

Q Yes, this first meeting.

A I have no recollection of that specifically. The context in which that took place was the agreement which General Singlaub had worked out himself with Eden Pastora. The concerns that we had that Assistant Secretary Abrams expressed were that there was some confusion as a result of the content of that agreement, and the wording of that agreement that could have made it appear that the United States Government was a party to that agreement between General Singlaub and Eden Pastora. Assistant Secretary Abrams' concern was to dispel that, to make sure that both General Singlaub and Eden Pastora knew with absolutely no doubt that the United States Government was not a party to that agreement. That was the context of and the thrust of that meeting as I recall it.

Q Okay. Give me a second. Was anything discussed at that meeting concerning any intentions of General Singlaub to solicit foreign countries for aid for the Contras?

A No, not at all.

Q So the purpose of that meeting was simply to make clear to General Singlaub the position of the United States with regard to that agreement he had worked out and the fact that the United States was not a party or involved in any way with any such agreements or understandings he would reach with Eden Pastora; is that correct?

A That is correct.

Q One second.

A Beg your pardon?

Q One second.

(Pause.)

BY MR. SMILJANICH:

Q During that discussion, do you recall whether or not General Singlaub indicated that he had discussed these matters with the ambassador to that particular country where he had worked out this agreement with Mr. Pastora?

A No.

Q Do you recall anything in that discussion about the involvement of that ambassador -- of our ambassador to that country in connection with this agreement?

A Not in that discussion. And I, as I say, I do not have records here to indicate the timing of these things. So the specifics I may get wrong, but I am confident of the thrust of the meeting. Recounting that episode without being sure of the specific sequence of events, as I mentioned, there was a concern about a possible misunderstanding. The content of that agreement was cabled by the embassy to Washington and from the content of the agreement, from the cable, we were concerned, I know I was concerned and I know other people in the bureau were concerned that this so-called agreement could be misinterpreted as an agreement between the U.S. Government and Eden Pastora. As a result of that, we communicated with the embassy the specific instructions that this was not the case, that Eden Pastora should be so informed, and we undertook to insure that General Singlaub knew the same thing. So that was the context in which this took place.

Q Okay. Thank you.

Now, the next meeting you had with General

Singlaub would be the meeting that took place on either May 3 or May 8, the meeting that is referenced in this memo of May 8; is that correct?

A It may be that the copy I have is a transmission error. The date at the top is May 8.

Q Right. But that is the next meeting you had with General Singlaub?

A Yes.

Q That was a face-to-face meeting?

A That is right.

Q Now, certain matters were discussed there. First let me ask you about the discussion concerning this question of aid for Mr. Pastora.

A Yes.

Q He -- you set forth in your memo to Assistant Secretary Abrams the fact that Mr. Pastora was looking for a certain token amount of military equipment which he would like to get from the UNO stocks; is that correct.

A Well, as I understood it, this was something that had been worked out between General Singlaub and Eden Pastora. I don't know whether the initiative came from Eden Pastora or from General Singlaub. I am not sure of that.

Q Okay. Now, the last sentence of that particular part of the memo states: "Singlaub wants you to try to turn this around."

Do you recall that that was General Singlaub's wish?

A Yes, I do. He very much wanted this to happen.

Q Now, there is a marginal note up at the top which Mr. Abrams wrote to R.M.. That is you, is that correct, R.M.?

A That is correct.

Q And in it he indicates that, if I can just summarize it, that he appears to be in favor of this idea because it does involve such a minimal amount of equipment. Do you recall that that was Assistant Secretary Abrams' position?

A His position, I think that is what was -- the note was on the memo. That didn't imply a decision or a formal position on his part or on my part.

Q I understand that. But is it fair to say that the two of you together thought that there might be some merit to the request of General Singlaub?

A My view at the time was that there was a role in the resistance for Eden Pastora. He was the individual with the greatest name recognition among any of the resistance leaders. At that time he was talking about pulling out of the resistance and my view, and I believe it is fair to say it was Elliott Abrams' view as well, although he will speak for himself, that there was a role for Eden Pastora and we were interested in ways to encourage him to stay.

Q Now, turning to another topic at that meeting, General Singlaub advised you that he was departing for certain foreign countries with the plan to seek funds from those countries to sustain the Nicaraguan resistance; is that correct?

A That is correct.

Q Now, he named two particular countries which we will refer to as country 3 and country 5. Do you know the countries I am referring to?

A Yes, I do.

Q Okay.

Q Looking at the memo that you wrote, it appears fairly clear that you seemed to be generally in favor of the idea of sending a signal or indicating in some way our approval of his solicitation; is that correct?

A I wouldn't characterize it that way.

Q What would you say?

A Let me read the memo.

My interpretation of that and my view generally was that I knew that solicitations were -- by the State Department were legal. As to who would carry out a solicitation was a matter for someone to decide other than me. And my role in this, in this meeting, was to pass along the information and the request from General Singlaub. As to how it would be done, how it would be considered, that was really a matter for others to determine.

Q I understand that. Let me put it this way: This wasn't a decision for you to make, but you were certainly not opposed to the idea. I mean, it did not appear to be in any way an illegal request or asking you or State Department to do something that you couldn't officially do; isn't that correct?

A That is right. Solicitations were legal for humanitarian purposes.

Q Did General Singlaub in these initial discussions with you, did he tell you that he had previously made any solicitations to these particular countries in the past?

A He did not.

Q Did he -- was he asked about that, in other words, did he specifically deny that he had ever solicited funds from countries 3 or 5 or did that subject just never come up?

A It never came up. Basically I was listening.

Q Okay. You then sent this memo to Secretary Abrams to inform him of your discussion and then to determine what should be done thereafter; is that correct?

A That is correct.

Q Okay. Hold on one second.

(Pause.)

BY MR. SMILJANICH:

Q Let me back up for a second. In your last paragraph --

A May I say something?

Q Yes.

A It is, the meeting was on the 8th because the subsequent memo does indicate the 8th. It is clear that the first one was an error in transmission. The meeting was on the 8th.

Q Okay. Thank you. In the last paragraph of that memo, you state: "The simplest way to handle this would be over the secure phone. NSC approval will be needed." Why did you feel that NSC approval would be needed for this if this was an authorized activity by State Department?

A Well, any kind of a policy decision would have required some interagency consultation. And a matter like this, I assumed that it would be the subject of interagency consultation. These were policy decisions that were being raised and so they would be treated in an interagency forum.

Q Did you also believe that the regional secretary, assistant secretary for that particular area would also need to be consulted in connection with this, if it were to take place?

A I would think that the Secretary of State would be consulted.

Q All right. What about specifically the regional bureau?

A I would think that -- well, this is speculation, but, sure, I would think that certainly the regional assistant secretary would be consulted as well.

Q Did you bring this subject up with the -- with anybody in the regional bureau for the part of the globe affected by this?

A I beg your pardon?

Q Did you consult with anybody in the regional bureau that was responsible for countries 3 and 5 to discuss this matter?

A I took no further action other than writing the memo.

Q All right.

Let me move on to the next memo. The next copy we have is a memo to Deputy Assistant Secretary William Walker dated May 10. Do you see that memo?

A Yes, I have that.

Q Okay. Now, basically that is just a memo telling him about the same matters that you had previously summarized for Secretary Abrams; is that correct?

A That is right. Deputy Assistant Secretary Walker, who I normally reported to, was absent during that period and this was part of a memo bringing him up to date on things which had occurred in his answer absence so it is basically a recapitulation of the earlier memo.

Q Do you recall when Secretary Walker, Deputy Assistant Secretary Walker came back from his trip?

A No, I don't. I would have to look at a calendar but I would assume that it was probably a month, but I really don't know.

Q Let me jump ahead and ask this general question. In any subsequent meetings with General Singlaub, was Deputy Assistant Secretary Walker present?

A I think, I tend to go through this series, but I think there was only one other meeting. There were several telephone calls but I think there was only one other meeting. We can determine that as we go along.

Q Right.

A I am not sure whether Deputy Assistant Secretary Walker was present in a subsequent meeting. If he were there, normally he would be in a meeting like that, but at times he was called away, he was on the Hill or he might have been out of the country.

Q When we get to that particular meeting and as we discuss it, we will see if maybe something about it helps jog your memory and to whether he was or was not there.

A Okay.

Q So we will get to that.

Moving on to your memo of May 12, give me one second.

(Pause.)

BY MR. SMILJANICH:

Q Your memo of May 12, do you have that in front of you?

A I do.

Q In the first paragraph of it, the second sentence, you state that you had told General Singlaub that you had spoken with Secretary Abrams on May 10 about the subjects concerning the aid to Pastora and vouching for Singlaub. Do you recall that particular meeting with Secretary Abrams?

A Only in general terms. Not in any greater detail than is in the memo.

Q Well, is there anything you can add or subtract from the matters you set forth to him in your May 8 memo? In other words, can you think of anything in particular that you discussed that went beyond what is set forth in those memos?

A No. It was to inform him basically that there were -- that no decisions were reached on these things on either, on any of the topics that he had raised.

Q So Mr. Abrams did not make a specific decision as to whether or not to vouch for General Singlaub's efforts with these countries or for his request to help out in connection with some additional aid to Pastora; is that correct?

A That is right. He made no decision to do either of those things.

Q Did he tell you he was going to discuss those matters with somebody else to help him arrive at a decision?

A I believe the way it went is that he said he would be back in touch on those topics. And I was sort of in a holding position, pending further conversation with him. It was the kind of environment as it is in the bureau where you don't always get a chance to talk through issues entirely. You alert -- I alerted him about this issue. He, in our conversation, he indicated that he understood what it was and he said he would get back in touch kind of thing.

Q So Mr. Abrams had not to your knowledge made a specific decision to in fact send the signal to the foreign countries that General Singlaub had requested; is that correct?

A No, not at all.

Q Is the contrary true also, that he had not made a specific decision to decline to send such a signal?

A Not exactly in that categorical way. It was more that he would talk about it some more.

Q But he hadn't specifically ruled out the possibility, had he?

A He didn't say that I should convey a decision to that affect.

Q And he didn't tell you that he had ruled that out as a complete possibility, had he?

A He didn't say it one way or another. But he didn't authorize me to convey a decision that we would do that.

Q I understand. I just want to make sure that you are also clear about the fact that he hadn't come to a decision at that point to refuse to go forward, as General Singlaub had requested.

A I don't know whether he had or not, but he didn't convey to me a decision.

Q All right. Thank you.

Now, you set forth in your memo of May 12 the fact that General Singlaub called that particular day; is that correct?

A Yes.

Q And he called from, I believe, country 3?

A I don't recall. That's not in my memo.

Q I see. You have just, you are looking at the redacted version?

A That is correct.

Q Okay. At any rate, you recall he called from one of these two foreign countries that he said he was traveling to?

A Right.

Q Okay. And I would like you to try to go beyond what is just set forth in your memo and try to recall what General Singlaub actually told you during that conversation.

A Basically had any decisions been reached and that was it. And I told him basically what is in the memo, that no decisions had been reached.

Q Do you recall whether or not General Singlaub indicated --

A Yes.

Q -- at that time that he was in fact on the verge of successfully making a solicitation and what he needed at that very moment was some type of a signal from the U.S. Government?

A Going back to the beginning of this sequence, as I recall it, he was making these trips, he had other business that was taking him to these areas. So as I recall it, he was making these trips, he would have made the trips if there had been no issue of a solicitation.

Q I am sorry. Could you explain that, what do you mean if there had been no issue of a solicitation?

A As I recall it, he was traveling to these countries and he wanted to make a solicitation. But he presumably had other business in those countries as well which he did not discuss with me. So even without a decision, he made the trips, so his other business took him to these countries.

Q I guess my question though is, do you recall that when he made this particular telephone call to you, he was at that very time engaged in this process of soliciting funds and needed -- and that was why he called you, because he needed a decision as soon as possible?

A Well, not to my knowledge. He was in the country. He had said in the first meeting that he sought some official indication that he was making these requests and that we were aware of it. So he was looking for that to make his request. And that was never forthcoming.

Q Your memo states that you told General Singlaub that you wanted to be helpful, that Secretary Abrams wanted to be helpful on both issues, but that the appropriate White House officials had been unavailable. What do you recall about that particular matter?

A That was in the nature, as I recall it, of a general kind of response to General Singlaub. General Singlaub was a man who was held in high regard and regardless of these specific issues, there was no desire on anyone's part to gratuitously offend him. So that in my conversations with him, I was conveying that sense or I sought to convey that sense. That's certainly my recollection, that is, that Assistant Secretary Abrams wanted to convey that as well.

Q Okay. Well, what appropriate White House officials were you referring to in your memo?

A Specific White House officials?

Q Yes.

A In a generic sense, appropriate officials could have been -- White House could have been left out very easily. I had no specific officials in mind.

Q But you specifically told General Singlaub that the appropriate White House officials were unavailable, but what you are telling me is that you in fact had no specific officials in mind?

A That's right.

Q So you hadn't been attempting to reach specific White House officials who were in fact unavailable; is that correct?

A Not at all.

Q Would it be fair to say that based on what you knew about, as you mentioned, that General Singlaub was a well respected American of some reputation that you were basically, I don't mean to put this in a pejorative sense, but that you were basically putting him off, because no specific decision had been made and you just didn't want to bluntly tell him that nobody had been consulted? Is that a fair statement?

A That is it. This was a temporizing response. That is exactly what it was.

Q Okay.

Now, then you set forwards in your memo the fact that decisions need to be made, A, about the limited amounts of equipment for Pastora, and, B, whether to inform the authorities in these countries, foreign countries, that the U.S. Government approves of his solicitation efforts.

Did you, after writing this memo, sit down with Assistant Secretary Abrams in which he came to a specific decision?

A Not at all. The "decisions needed" part is basically there is no new information there. It is basically a recapitulation of the original -- there is no new information there. It is basically a recapitulation of the original requests that were put by General Singlaub. And they were stated just as a reminder to Assistant Secretary Abrams, but they don't represent any new thoughts on the subject or really any new information. It is basically a recapitulation of the points raised in the original meeting.

Q Now, your memo indicates that a RIG meeting was scheduled for May 12 and that perhaps consultations with the agency could be handled at that particular RIG meeting. Do you recall making that particular recommendation to Mr. Abrams?

A I remember writing it in the memo, but I didn't make it other than that.

Q Did you attend a RIG meeting on May 12?

A No, I didn't.

Q Did you discuss with Mr. Abrams prior to the RIG meeting what if anything should be discussed at this meeting concerning this matter?

A No, I did not.

Q Do you know whether or not the matter was brought up by Mr. Abrams at the RIG meeting?

A No, I don't.

Q He didn't tell you afterwards whether he had done so or not?

A No.

Q Okay.

Now, why did you feel that you say both decisions will require consultations with the agency. First of all, by "the agency," are you referring to the CIA?

A Yes, I am.

Q Now, with regard to the decision number one, concerning aid to Pastora, I think I can understand what you were referring to there. But with regard to the second matter, involving vouching for General Singlaub's efforts, why did you feel that the agency was a participant in this decision?

A On all decisions of policy, an interagency consultation process, it seemed to me, would be appropriate.

Q Okay.

Did you ever discuss this matter with anyone with the agency?

A No, I did not.

Q Specifically, the chief of the Central American Task Force at that time? Did you ever discuss it with him?

A Not with anyone from the agency.

Q All right.

Now, let's move on then to the memo of May 14, 1986. Do you have that in front of you?

A Yes, I do.

Q Okay. You state in there that you passed the decisions on the matters of aid to Pastora and solicitations by General Singlaub to General Singlaub that afternoon. First of all, I assume this was by a telephone conversation?

A That is right.

Q Do you recall whether or not you called General Singlaub or General Singlaub called you?

A I do not.

Q All right. Let me tell you why I would like you to think about that and get your absolute best recollection of it. General Singlaub has testified that he was in the process of making his solicitation efforts in one of these particular countries when he received a call from either you or Secretary Abrams basically telling him stop, stop whatever you are doing, we have -- we can't go forward with this matter. And that he said as a result of that phone call to him, he stopped, he stopped engaging in his efforts at that time.

I believe Assistant Secretary Abrams' best recollection is that this was a decision that was passed on to him after he called inquiring to find out, well, have you all made a decision yet.

So, you know, I am trying to see if you can -- if either of those jog your memory and if you could tell us whether or not you recall who placed the call and under what circumstances?

A My recollection is that throughout this process that the person making the queries about whether a decision had been reached, whether we were going to do what he wanted, that the initiative was with General Singlaub.

Q Okay. In other words, you specifically can state that to your best recollection this was -- you did not have to call General Singlaub to change a prior message that had been given to him concerning his efforts; is that correct?

A That is correct. In fact, I would not have known how to get in touch with General Singlaub.

Q Okay. Hold on one second.

Okay, now, in there you first of all told General Singlaub about the decision concerning Mr. Pastora. It was about this time, wasn't it, that Mr. Pastora had publicly announced he was withdrawing from the fight?

A That is correct.

Q And basically your memo sets forth your decisions and your reasons for the decisions. Do you have anything to add to it, do you recall anything else that entered into that particular decision?

A Yes. I would add one factor and that is that reaching his decision, that is, Eden Pastora reaching his decision -- he was making statements to the press critical of entities of the U.S. Government and of course these statements were not helpful to our concerns in the area. And we had an interest in trying to discourage him from making these statements. So I would add that to what is in the memo.

Q All right. Thank you.

Now, moving on to the next topic are the solicitation matters, your memo states, "I told Singlaub that I had been instructed to pass the following message to him," and then you have a colon and then you have an indented paragraph. It looks, from looking at this memo, as though you were very specifically setting forth word for word a message that you had been told to pass to General Singlaub. Is that in fact the case?

A That is very close to being correct. I wouldn't vouch for every word in that indent, but it is the substance, it is close to the substance of what I passed to him; that is correct.

Q Okay. It starts off by saying, "the earlier decision to pass the message he had requested had been reconsidered." What did you mean by that?

A I would say that is loose language. I may have said something approximating that, but loose language in the sense that there had not been any earlier decision to do this.

Q Do you recall --

A I have looked at the memos and if you go to the previous memo, the one dated the 12th.

Q Yes.

A The first sentence in that, "he called that morning to see if decisions had been reached." I think that is further indication that decisions had not been reached. So it would be certainly imprecise to say "earliest decisions," because there had been no decisions.

Q All right. In other words, between the date of May 12, when General Singlaub called, and May 14, when you discussed this matter with him again, there had been no intervening telephone calls?

A Correct.

Q So to your best recollection, there had not been, he had not been told that an earlier decision had been made to pass the message he had requested?

A That is correct.

Q Then you go on to say "the judgment here was that the timing was not right. To move now might complicate other priority matters of importance of which he was aware." That is a very intriguing sentence. What did you mean by that?

A As I recall, I think that is more or less what I said. And that language and that message, as I recall I got that from Assistant Secretary Abrams.

Q In other words, Assistant Secretary Abrams told you to tell him about complicating other priority matters of importance of which he was aware?

A That is right.

Q Did you know what Secretary Abrams was referring to?

A I did not. I took it to mean that it was more of the temporizing kind of response that had been characteristic of the entire process.

Q Okay. But --

A I didn't assume that this had any specific content to it.

Q But you are telling this to General Singlaub and certainly if it had no content to it, wouldn't you be concerned that General Singlaub's response would be, what are you talking about? What priority matters of importance? I mean, this wasn't just simply put-off language.

A If I were acting, in effect, under instructions, passing a message, then it wouldn't be required that I would have to explain what the message was. And I think that that is the way General Singlaub took it.

Q In other words, when you were given this message to pass, by the way, you were given specific language by Mr. Abrams; is that correct?

A He gave me generally not only what I should say to him and that is -- but I don't have it word for word. I wouldn't say that what I have in the memo is specifically what Assistant Secretary Abrams said. He didn't give it to me in writing and I didn't write it down immediately. It is more or less what the message was.

Q But he told you something concerning priority matters of importance of which General Singlaub was aware, right; you didn't make that up?

A That is right.

Q All right.

A More or less that. I would say a word here, a word there, but the substance of the message is correct and it is a faithful reflection of what I told him.

Q And you did not ask Secretary Abrams and he did not tell you in any way what he was referring to by these "other matters of importance" of which Singlaub was aware?

A No.

Q And when you read this message to General Singlaub, did he ask you right then and there what you were referring to?

A No, he didn't. He was disappointed, but he took the message more or less as a military man would.

Q Did he ask any questions?

A He realized throughout that what my -- what I was doing in this and so he took, he didn't take it that he would try to change things by debating an issue with me such as this.

Q In other words, during the series of conversations you were relaying messages between General Singlaub and Secretary Abrams and not acting in your own capacity as a participant in any decisionmaking; is that correct?

A Well, that is not entirely true. The decisions, I certainly did not make decisions in these instances, and in the first instance the contact was initiated by General Singlaub with the requests that were in the first memo, and my role after that was to convey what he had said and generally convey back to him a series of temporizing responses which culminated in edification of the decisions in both cases.

Q And when you use the word "temporizing," what you mean is, in other words, putting him off without --

A That's right.

Q -- specifically rejecting it, rejecting the idea abruptly?

A That is right. I think that would be the appropriate way, that we would have, that we did deal with him and for the reasons that I have stated earlier, that everyone had great respect for General Singlaub and no one, certainly I did not have any interest in treating him less than with the respect that I considered that he merited.

Q But up to this phone conversation on May 14, you were not aware that these series of messages were simply temporizing. In other words, it was still possible up to this date that as far as you were concerned a decision might be made to go along with what General Singlaub was requesting; isn't that correct?

A I didn't discuss it in any great length. I think that is reflected in certain of my comments in these memos, that there was no conversation, no deliberation of which I am aware in the bureau on these topics.

In the one case the -- I am not aware of what consultations may or may not have gone on about the solicitation issue. The other issue, the one of materiel for Eden Pastora, that ended up that it was overtaken by events when Eden Pastora withdrew from the resistance.

Q I realize you did not participate in any decisions -- conferences which led to any decisions concerning this solicitation. But going back to my question, isn't it true that up to the passage of this message to General Singlaub on May 14, the possibility, as far as you were concerned, had not been ruled out that such a message might be able to be passed from the U.S. Government?

A That is true.

Q I mean, you had said in your previous memo --

A He didn't communicate that to me.

Q Okay. You had stated in your previous memo that if it was going to be done, the agency might have to be consulted with. You had mentioned the possibility of getting NSC approval, so these are all indications that as far as you were concerned, a decision had to be made one way or the other, but had not been made up until the time you passed this, were told to pass this message on May 14. Is that a fair statement?

A I think that is true.

Q Okay.

A And in outlining these things in sort of the comment, I was sort of outlining the interagency process of consultation that, in my judgment anyway, would be appropriate in these circumstances.

Q Let's go to the next memo. May 15, 1986. Do you have that?

A May 15?

Q Yes.

A Yes.

Q Okay. This indicates that General Singlaub called again on that day, raising the topic one more time. Do you recall that conversation?

A I recall it from being refreshed reading the memo, yes.

Q Now, this specifically does indicate that it was General Singlaub calling you, rather than vice versa. Do you recall that that was the case?

A Yes. I recall all the calls were initiated by General Singlaub for the reasons I stated, that basically he was in travel status, I wouldn't have known how to get in touch with him in any case.

Q Okay. Now, going to the second paragraph of your memo, it states that, you state that General Singlaub was puzzled by your comment concerning the timing of his planned fund raising initiative and it states, "I responded that important events and decisions were in the offing and that approaches by him at this time might complicate our efforts."

Now, in your previous memo you had, you have told us you were simply passing on a message that you were told to pass along. In this memo it indicates that you had to respond directly to General Singlaub on his question. What information did you have in mind when you told him that important events and decisions were in the offing?

A I had nothing in mind. That is basically a restatement of what the message was in another form. But I had no new information to pass to him. I basically restated the message I had given him earlier.

Q Okay. Well, at about --

A You will have to, you will have to talk about it when you get back. I really don't have anything more for you on it.

Q You mean that is what you told General Singlaub?

A Yes. I think I said -- I stated it a little bit more elegantly than that. That is basically what I said.

Q Okay. At about this same time, May 15, May 16, that time period of 1986, an NSPG meeting -- hold on a second -- discussed certain matters concerning solicitation. Were you aware of the fact that this was a topic which was being discussed at higher levels?

A No, I was not.

Q On or about that particular time, a specific decision was made to go forward, pursuant to some legislation which specifically authorized State Department to make such solicitations, a decision was made to go forward with such efforts. Were you aware that such a decision had been made at or about that time?

A No, I was not.

Q Okay. So when you refer to "important events and decisions are in the offing," you were not aware that that day or the next day such a meeting was going to be held?

A No, I was not.

Q Do you know whether or not your words in the offing were words that were suggested to you by Secretary Abrams?

A They -- it may have reflected the earlier decision, the earlier guidance that he had given me as to what I should say to General Singlaub.

Q Okay.

A But I wouldn't say that is word for word what the guidance was.

Q All right. Your last sentences, "I said that I was unable to be more specific over the phone but suggested that he talk to you on his return to the United States."

First of all, the, your phone conversation with General Singlaub was over an unsecured telephone line; is that correct? Hello? San Jose?

A Yes.

Q But you had nothing particular in mind when you told him this, that was of any particular sensitive nature that you couldn't discuss with him on the telephone; is that also correct?

A That is correct. I had nothing more really that I could convey to him.

Q Whether it was secure or unsecure?

A Correct.

Q All right. Now, let's go to the next memo, which is May 22nd, 1986. Do you have that in front of you?

A I do.

Q All right. That sets forth some talking points or a memo to Assistant Secretary Abrams to prepare him for a meeting with General Singlaub at 3:45 p.m. on May 23. Now, do you recall that such a meeting took place?

A As I recall it did. I would have to check the calendars.

Q Let me just tell you that --

A I believe it did.

Q Let me just tell you that Assistant Secretary Abrams' calendar shows for May 23 at that time a meeting with General Singlaub. Mr. Abrams does not have any specific recollection of that meeting. So he can't say one way or the other whether it did or didn't take place. But he doesn't deny that the meeting took place. He just has no specific recollection.

So knowing that the calendar, his calendar shows such a meeting and that your memo sets forth preparation for the meeting, my question is, can you tell us you have a specific recollection of your own that such a meeting took place on or about that time? Let me ask it this way.

A I can't.

Q Wait. Let me ask it this way: You recall that at least some point during this process Assistant Secretary Abrams and General Singlaub were face to face after that April '86 meeting; is that correct?

A I just assumed that this was when it was. I believe that is true. But I don't have any calendars here for my own schedule, so I really, I would have to look at my calendars. Did anyone ask Assistant Secretary Abrams' secretary whether the meeting took place? There is a log in the State Department that he would sign in if he came in that day.

Q We don't -- I don't have that information. But let me just put it this way: Separate and apart from any of your memos and any of your calendars, you can recall that you were present for a meeting with -- between General Singlaub and Secretary Abrams on two occasions, one shortly after the Pastora agreement matter, and one sometime during this process involving solicitation from foreign countries. Is that a fair statement?

A Yes.

Q All right. Given the fact that your memo indicates a meeting on May 23 concerning that matter and that Secretary Abrams' calendar shows a meeting on that particular date, I think we can safely assume that it was at or about that time that you had a meeting.

I don't want to tie you down to that particular date engraved in stone, but I want to get your memory of the meeting that took place at about that time between Secretary Abrams and General Singlaub. Go ahead.

A I think that is true, but I am looking over the points now and I don't recall -- I don't recall these points being made specifically by Assistant Secretary Abrams to General Singlaub. So I am just not sure whether --

Q All right. I will tell you what: Put the memo aside for a minute and just tell us everything you can about the second time that Abrams and Singlaub met.

A I have no specific recollection really. In my own mind some of these things are blended together, there were a series of meetings that took place with -- well, meetings, conversations, and I am not -- I am really not very clear that such a meeting --

Q All right. Well, I want you to understand --

A I am thinking.

Q I want you to understand, Mr. Melton, that obviously we want your best recollection. We don't want you to speculate. We don't want you to guess, but on the other hand, you don't have to be 100 percent certain of something in order to testify that it is your best recollection that something took place. So with that in mind, let me just ask you again what you can recall, if anything, about the second time in which Assistant Secretary Abrams and General Singlaub met face to face to discuss matters. What independent recollection do you have?

A I am afraid I don't have any.

Q All right.

A I really don't recall.

Q Let's look at the memo you wrote.

From all indications, looking at your copy of this, this is a memo that you wrote on or about May 22nd; is that correct?

A Yes.

Q We don't have any reason to assume that somebody made up this memo and put your name on it?

A No, no, I wrote the memo.

Q Okay.

Under the category of "fund raising for the resistance," do you see that toward the bottom of the first page?

A The memo number 6?

Q May 22nd, yes. Do you see that?

A Where is the -- oh, yes, I see that.

Q "Fund raising for the resistance."

A Yes.

Q It states, "Singlaub is a good soldier and at our request stood down on his planned approaches to the foreign countries." That is what it states; is that correct?

A That is right.

Q Now, that was in fact true, wasn't it, that he had in fact stood down on his planned approaches at your request; isn't that correct?

A It is not specific. It is not precisely -- it is not precise. He never was authorized to do these things. He had asked us to, in effect to provide some indication to those governments that he was, that he at least was doing, was known and approved of by the U.S. Government, and he never got that. So that is what it really means.

He wanted to make these solicitations, I think, and the way he expressed it, that they would not prosper, I don't think he thought they would prosper unless he -- there was some indication that there was a sponsorship or that at least we knew about it. And he never got that. So that is what actually happened.

Q I understand. I am just, I don't want you to read too much into my question. I am just simply saying that he certainly planned to make some approaches and he had to stand down from his approaches at your request; isn't that correct?

A As I recall it, he was going to these two countries and he wanted to make solicitations while he was there; as I recall it, he was going there for other business. But while he was there, he wanted to make these solicitations. And he, because he was, he didn't get what he wanted from us, I don't believe he made those solicitations.

Q All right.

Going on to the next page of your memo, you list three points to make with General Singlaub. Do you recall setting forth those three points in your memo?

A Yes.

Q All right. The first point simply says, "I appreciate your willingness to cancel your planned approaches on such sketchy information." What did you mean by "sketchy information"?

A It was the telephone information that I had given him that was laid out in the previous memos.

Q You go on to say "important national security considerations were involved (explained)." Would you please explain for us?

A There is no explanation. That is just a heading that I didn't have anything more about this than I had already conveyed to General Singlaub. If there was anything else to be conveyed, it would have to be conveyed by Elliott Abrams. This is basically a heading to explain this; he will have to say what it is, if anything, that goes under that heading. If I had more details, had something specifically in mind, I would have put it there. But I didn't have anything specifically in mind.

Q Did you believe that, I am just asking you for your own belief and perception now, did you believe that Assistant Secretary Abrams had made this up about national security considerations as an excuse to put off an important man like General Singlaub?

A Well, I think that, and this is now based on what I know now about solicitations that were made, and knowing now that this was approximately the time when these things were being considered, I would take it that that, that that is what the considerations were that were on the table at this time. But at the time I didn't know that.

Q Okay. Do you recall in the meeting in which you were present when Assistant Secretary Abrams and General Singlaub were talking, do you recall any part of the discussion between the two of them concerning these national security considerations?

A No.

Q Let me ask you this: Are you telling us that you were not present when such discussions took place or that you just don't recall one way or the other whether such discussions took place or thirdly --

A I really don't have any recollection of that at all, that the -- I think that the -- subsequently I learned that the factor -- in this case, if solicitations were going to be made, they would be made by the U.S. Government, and not on behalf of the U.S. Government. I think that is what the decision that was subsequently reached was.

Q When did you learn that?

A Very recently. Some of it on the hearings.

Q Oh, you mean this isn't something you learned back then?

A No. No.

Q Oh, okay. Going back to what you knew then and not when we all know now, are you telling us that it is your best recollection that such discussions were not held in your presence, or simply that you don't recall one way or the other?

A I really don't recall. I don't recall really.

Q All right. You state in there your final point under that category is, "private fund raising is a key element of our strategy (explained)." Would you please explain that for us?

A I had in mind basically that the President and on down, that it was, we had stated we would need their support for the resistance and they -- they were receiving funds and we were aware that they were receiving funds from private donors. And the President on down, that was, we had hopefully stated that was support for the resistance. It was in that context. Nothing specific about any specific fund raising.

Q You talk of it in terms of a key element of our strategy as though it were a part of an overall approach.

A I was trying to, when I wrote this, I was trying to outline sort of the topics that would likely come up, and the things that Assistant Secretary Abrams would need to respond to without providing a detailed script for him to use in such a meeting, so that the points are really in the nature of headings rather than in the nature of specific talking points for him to use.

Q All right. I don't mean to imply by asking this question that there is some implication that there is anything wrong with any of this, but isn't it true that private, that his efforts at private fund raising to generate cash for use by the Contras was in fact something that was known to be taking place and that was, it was felt, was consistent with your Central American policy?

A A general point, not a specific point.

Q I don't understand what you mean by that, a general point. Not a specific point.

A Contra fund raising?

Q Yes.

A   Fund raising, I think most people were aware that there was, that the resistance was receiving private funds. And the U.S. Government did not take a position against that.

Q   Well, in addition to not taking a position against it, was it in fact a key element of the Central American strategy?

A   That is an overstatement in the sense that there was a strategy in which the private fund raising had a place which we had decided where that place was and that sort of thing. That is not an accurate statement.

Q   Well, let me understand this though, if it is not an accurate statement, why did you put it forth here as a point for Secretary Abrams to make to General Singlaub?

A   It is a heading that private fund raising, what I had indicated there was that a point to be made in the meeting was something that would say that we think this is, private fund raising is fine, so long as it is within the legal requirements of the United States.

Q   Okay, fine.

The next and I believe last memo -- no, two more memos. The next memo we have, May 28, 1986, do you have that memo in front of you? Do you have it?

A Yes, I do.

Q Okay. Indicates that General Singlaub called again to ask for reconsideration of the counsel not to solicit funds. Do you have any independent recollection of that call?

A As I recall, it is basically as recorded there.

Q Do you remember where General Singlaub was calling from?

A No, I don't.

Q Okay.

A Well, it is indicated where it was, he was calling from someplace in Washington.

Q It says at the end, Singlaub will be in town until Friday. I see that.

A Yes.

Q Okay.

A This basically is a report of what he said.

Q I understand. In your memo you state that Singlaub had said he had transferred funds from an overseas to a domestic account to have them available for quick disbursal if needed. Did General Singlaub indicate how much money he had available to him at that time for disbursement to the contras?

A No.

Q He never gave you a ballpark figure?

A No. Never discussed it with him.

Q Did he ever tell you how much money he intended to ask for from the foreign countries?

A Yes. That is in the memo. That is in one of the early memos.

Q Do you have an independent recollection that he told you $10 million?

A Yes. That is my recollection. I think that is what is in the memo, yes.

Q Okay. And he asked then if in light of the circumstances concerning pending legislation and the need for cash, if it might not be wise to reactivate his proposal to seek funding from his sources in these foreign countries.

And you state there, I confined my response to stating that I would raise the matter with you and get back in touch. Is there any reason why you just didn't tell him then that a decision had been made and that was the end of it?

A No. In any circumstance like this, I would pass the information on any similar kind, not even similar but something where a request was conveyed to me where it would require a policy decision. I would always pass that request forward.

Q Okay. Let me move forward to the next -- hold on one second.

(Pause.)

BY MR. SMILJANICH:

Q Let me go to the next memo of May 29, 1986. Do you see that?

A Yes.

Q It indicates in there that you conveyed a message from Assistant Secretary Abrams. In between the memo of May 28 and May 29, we don't have a copy of any memo that you might have received from Assistant Secretary Abrams. Do you know whether or not you discussed this with Mr. Abrams face to face between those two dates?

A As I recall, it is just that basically to tell him that the answer, the answer is the same as before.

Q I guess my question though is, the end of your memo of May 28 says, anything I can tell Singlaub, question mark, and then the next day you are conveying a message from Mr. Abrams.

A The message that he told me to convey.

Q That is, my question is, did you meet with Mr. Abrams and get this message to convey?

A I saw him very frequently, and in the course of our regular meetings he conveyed, he told me what I should tell him.

Q Okay.

A That is what I told him.

Q In other words, you raised it in person with Mr. Abrams and he told you what to tell him? Did you say no? I am sorry. I missed what you said at first.

A I sent the memo, and as would be normal in this case, he wouldn't respond, I wouldn't get a memo back but I saw him frequently and he would say, well, this is what we or I would raise it, I said what should I tell General Singlaub, and in the course of going over a series of things, he gave me the guidance on that and that is basically the guidance that is reflected in the memo.

Q So your May 29 memo sets forth the substance of what Mr. Abrams told you to tell General Singlaub?

A That is correct.

Q Now, nowhere in this series of memos is there any memo from Assistant Secretary Abrams to you. Do you recall whether or not he ever sent any memos to you on this subject?

A No. But that is not the way in which the bureau operates. Memos go up and but memos do not come down.

Q Okay.

A That is generally true.

Q Okay. Now, let's go to the message that you conveyed to General Singlaub. First of all, how did you convey this to him, by telephone?

A Yes.

Q Okay. Do you recall whether he was in town?

A I think that is right, because the previous one says he would be there until Friday, and I would, I think probably the 29th probably was Friday.

Q Do you recall whether you called him or he called you?

A I don't, but I may have called him in this instance. I think I probably did call him.

Q Okay. And you state then the situation on fund raising is basically the same as previously described to him, to wit, it would still be premature for him to reactivate his efforts with these countries.

When you referred in there to the situation being as previously described to him, does that jog your memory that you were ever, that you can recall what discussions were held between General Singlaub and Mr. Abrams about what the situation was that was described to him?

A Regurgitation of what was conveyed in the previous conversations with him. There is no more than is there, and in some ways there is not as much as there seems to be in the brief messages that were conveyed. But there is no more substance. It was basically saying, no, there is no change in the decision, and it is conveyed in language that is designed to be sort of less categorical than really the position was.

Q Your next paragraph says "we applaud his efforts on behalf of the resistance and urge him on in his other endeavors." Do you recall what other endeavors of General Singlaub were referred to there?

A None at all. That is very general and it is in the context of General Singlaub is, you know, an authentic

American war hero.

Q And when you talk about his efforts on behalf of the resistance, what perception did you have of the role General Singlaub was playing with regard to the Nicaraguan resistance?

A I had no detailed knowledge at all of what his role was. I have subsequently learned a great deal by listening to some of the hearings.

Q Let me exclude that, and I am not asking for --

A I really didn't have any real knowledge of what activity he was engaged in.

Q All right. You said detailed knowledge. I realize you didn't have any detailed knowledge, but what general knowledge did you have as to his activities. I mean, he was a pretty public figure. He didn't hide what he was up to. I am just trying to find out what you perceived at that time.

A I had read things in the paper about what he was doing and that sort of thing and charges and counter charges. And he was, he has never been hesitant to talk to the press. So I read some of those things that, what he was doing and that sort of thing, but I had no -- frankly, I really didn't focus on him and what his activities were. I really didn't have any great knowledge of what his activities were.

Q Okay. Let me go back to the meeting, the face-to-face meeting with General Singlaub which took place after he had come back from his visits to countries 3 and 5. I would like you to focus on that conversation one more time. First of all, do you recall whether or not anyone else was present for that discussion besides yourself, Abrams, and Singlaub?

A I don't. And as I say, I am not -- I am very hazy on that. I really don't have any specific recollection. I think you could probably establish this by talking to other people as to what, as to whether the meeting actually took place.

Q Well, let me just say this; Assistant Secretary Abrams recalls --

A Had there been a meeting, it would have been Assistant Secretary Walker.

Q Well, I need to find out what you can remember, Mr. Melton. I can tell you this: General Singlaub remembers a meeting, Assistant Secretary Abrams remembers a meeting, but recollections differ as to whether, who else was present for those meetings. What is your best recollection? A meeting took place. There is no question about it. I am just trying to find out who you can recall being present.

A If we have definitely established that the meeting took place, then I would have been there. It may have been just me.

Q All right. Do you recall at any time, at any meeting between Secretary Abrams and General Singlaub, whether or not Abrams ever made a comment to General Singlaub telling him that the highest levels of government, or words to that effect, had made the decision that General Singlaub should not go forward with his efforts with countries 3 and 5 due to other important matters at the highest level?

A Not specifically in those terms, but something like that would be sort of consistent with the messages I was conveying to him, designed to convey a, really a "no" to him in a way that would be more acceptable than just a categorical "no" and explanation.

Q Well, I understand that. Again, by asking the question, I don't mean to imply that there is anything wrong with any of this.

A Consistent with the way in which all of the messages were conveyed to General Singlaub. So I have no specific recollection of that language, but some language which put the decision in less than categorical terms, no, we don't want your help was consistent with the kinds of messages that I was conveying to him throughout this process.

Q I don't mean to imply by my questions that there is anything wrong with this. In fact, it would be human nature if you were going to tell no to somebody as important and with such a reputation as General Singlaub, to look to somebody higher up as the excuse for why something can't be done. In other words, Assistant Secretary Abrams saying, well, somebody higher up has decided this. That would be, in fact, as I say, human nature.

My question is, do you recall that such an implication was made at the meeting with General Singlaub?

A I don't specifically recall that kind of language, but --

Q But you don't rule it out?

A Beg your pardon?

Q But you don't rule it out?

A Well, not -- I don't rule it out, but it is something that would have put the decision in terms that would make it more acceptable to General Singlaub. I think that was the sort of the thrust of all of the messages conveyed to him. And I think that, I am looking back through my own memos, that is sort of the general theme that goes through them, important national security considerations were involved, the other things that I conveyed to him were in that tenure. So something like that, sure, that --

Q Hello?

A Yes, I am still here.

Q I am sorry. Were you finished with your sentence?

A No, I said something like that would not be, you know, that is consistent with the kinds of messages I was conveying to him and that would be, not necessarily that specific language but something like that, yes, that important national security considerations, that I think that you are a patriot.

Q Okay. I have just got one other quick topic to cover.

A Sure.

Q During the time you were director of the Office of Central American Affairs, there was an interagency group, restricted interagency group referred to as the RIG, which met periodically and included several people, representatives from the NSC, the CIA, Joint Chiefs of Staff, Department of Defense, and State Department. During your tenure as Director of Central American Affairs, such an organization existed; is that correct?

A Yes. An informal organization. True. It did exist, and continues to exist.

Q Okay. To your recollection, during the period of time from late 1985 and throughout most of 1986, was there a smaller informal working group that, within the RIG, that dealt with matters concerning the Contras composed of Oliver North from the NSC usually, Secretary Abrams from State Department, and the Central American Task Force director for the CIA; do you recall such an informal subgrouping meeting off and on during that time period to discuss --

A It is true that those individuals and often one or two others would meet on various issues on an informal basis, not a scheduled kind of meeting. But they did meet, those three plus others on an informal basis periodically, that is true.

Q There were several times it was in fact just those three that would meet; isn't that correct?

A That would be true, too.

Q All right. And when you say a few others on occasions, who would be the others that might join this particular informal grouping?

A Occasionally Deputy Assistant Secretary Walker, occasionally Deputy Assistant Secretary James Michael.

Q Okay. But usually those three in particular would be present; isn't that correct?

A Yes, maybe -- that is right, yes. I would say generally, Ray Burghardt from the NSC might be there sometimes.

Q But again more often than not, it was the first three I mentioned that would usually be present for such an informal gathering?

A Oliver North was traveling frequently and there, to my knowledge, there were informal sessions where others would be present but he wouldn't.

Q I understand that. But usually North, Secretary Abrams, and the Central American Task Force director were the three that more often met concerning these matters than the others; isn't that correct?

A Yes, I would say that is true. The other members of the RIG, you mean?

Q Yes.

A Yes, that is true.

MR. SMILJANICH: Thank you. That is all the questions I have.

MR. TRAYLOR: I don't have any questions.

THE WITNESS: Could I add one thing. I was not a member of these groups, so I am giving you information based on my observations, but not as a participant in the meetings, either the meetings of the RIG or the informal meeting.

BY MR. SMILJANICH:

Q Right. I understand that. You were not personally present at these meetings but you could, you could, you would know when meetings were being held and you could see generally who was participating in those meetings?

A In a general sense, my office is on the fourth floor and Assistant Secretary Abrams' office is on the sixth floor. And very often a meeting might take place before or after a regularly scheduled RIG meeting, so since I was not participating in the RIG, I wouldn't be in a position to know how frequently these meetings took place, but they did take place.

Q Did you ever hear this informal group referred to as a mini-RIG or a RIGlet?

A A RIGlet. That strikes a bell, but it has no, that rings a bell but --

Q But what?

A But no more than that.

Q Okay.

A That is just an impression.

Q All right. Okay.

MR. SMILJANICH: That is all the questions I have. And Tim Traylor indicates he doesn't have any follow-up questions. So that will conclude this deposition. I want to thank you again for making yourself available under these rather unusual circumstances.

If this matter is transcribed and if we are ever, if you ever need to refer to this matter, we will certainly be happy to make it available to you for your review, should the occasion ever arise. But again, thank you very much for your testimony and that will conclude the deposition. Thank you.

THE WITNESS: Thank you. I would have rather done it in person, but that is fine.

MR. SMILJANICH: We are all off the record now.

(Whereupon, at 5:50 p.m., the deposition was concluded.)

____

RICHARD H. MELTON

CERTIFICATE OF NOTARY PUBLIC & REPORTER

I, REBECCA E. EYSTER, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Rebecca E. Eyster

Notary Public in and for the
District of Columbia

My Commission Expires 10/14/89

UNCLASSIFIED T HSITS 132/87

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00 p.m.

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DEPOSITION OF BRIAN TIMOTHY MERCHANT

Friday, July 24, 1987

U.S. House of Representatives
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

The Committee met, pursuant to call, at 1:00 p.m., in Room B-352, Rayburn House Office Building, with Patrick Carome (Staff Counsel) presiding.

Present: Patrick Carome, Staff Counsel, Heather Foley, Administrative Assistant, on behalf of the House Select Committee to Investigate Covert Arms Transactions with Iran; C. Dean McGrath, Jr., Associate Counsel to the President; Nicholas Rostow, Deputy Legal Adviser, National Security Council.

Partially Declassified/Released on 12 Jan 1988
under provisions of E.O. 12356
by B. Reger, National Security Council

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Whereupon,

BRIAN TIMOTHY MERCHANT

having been first duly sworn, was called as a witness herein, and was examined and testified as follows:

EXAMINATION

BY MR. CAROME:

Q Good afternoon, Mr. Merchant. I am Pat Carome, a staff lawyer with the House Select Committee investigating the Iranian contra matter. Also present is Heather Foley, an Associate Staff with our committee.

There may be additional lawyers either from our committee or from the parallel Senate Committee coming over and joining us.

For the record, I provided you today with a copy of the resolution and the rules for our committee. I understand that the National Security Council has previously been provided with a set of those.

If we could just begin by your stating your name for the record and your present job titles?

A Brian Timothy Merchant, Deputy Director of the National Security Council Secretariat and concurrently an Assistant Security Officerfor the National Security Council

Q When did you assume each of those titles?

A The role of the Assistant Security Officer was formalized in early December of 1986, having been unable to find a memorandum from our admin office to that effect -- we have looked all day for it -- under Brenda Reger who did that memo.

In actuality, with my assumption of System IV control duties, I assumed a security officer role as well for the compartmented programs there and that was when I came into that operation.

Q When did you assume your other title? Your other title is what?

A Deputy Director of the National Security Council Secretariat.

The formal title change for the phonebook was approved 3 November 1986. The decision was made in late October.

Q And I understand that as one of your duties, you are the System IV control officer; is that correct?

A As one of my duties, I was System IV control officer, yes.

Q Is that one of your present duties?

A I guess you could say I am the supervisor for the System IV control files now. We have a person who was the actual System IV control officer, a detailee who has come in since, I guess, February, March. He has assumed those duties.

Q When did you act as the primary System IV control officer?

A I first came into there on -- well, Jim Radzimski's last day was 24 October 1986.

Q Jim Radzimski, just so the record is clear---

A Was the previous incumbent in the System IV control system.

Q All right.

A I was on emergency leave that Monday and Tuesday, and came -- so I would have assumed the duties that Wednesday.

Q Do you have a date?

A Monday was the 27th. 28th. I believe the 29th was the day I first came into the office, because I was on emergency leave Monday and Tuesday. And I held that -- I guess I have been out of the -- sitting up there for about a month now.

Q When you say, sitting up there, you are referring to sitting up in room 300 as the System IV control officer; is that right?

A Yes. Yes.

Q Just for the benefit of the record, could you very briefly describe what System IV is?

A System IV is the secretarial correspondence system that handles intelligence documents, actions dealing with primarily covert actions. It is an information

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management system based on a computer data base.

Q Would you please very briefly review your job history at the National Security Council?

A I started at the National Security Council September 1972, started on the bottom of the heap, as a -- I don't know what they call it, a data processor, whatever. Shortly thereafter, the night supervisor who was there departed, I believe he went to U.S. Secret Service. I was promoted to be night supervisor; and I did that for approximately six years. Then I was selected to go into the West Wing, as West Wing coordinator. Did that for approximately three, three and a half years.

Concurrent with all those duties, I was involved in all the day-to-day operations of the Secretariat and acted as a de facto deputy. When Jim Radzimski left, they looked for someone who had the appropriate clearances. I was really the only person in the Secretariat; perhaps, Van also has them. He should. And they basically just transferred me from there into the System IV operation.

Q You, I understand, had previous knowledge of how System IV worked; is that right?

A Yes.

Q And how did you happen to have that knowledge?

A Because our information management system is based upon a computer system, and I was involved -- although

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not extensively in System IV, but with the redesign of all our computer systems while dealing with WHCA, which means we look at the screens, decide the fields, are involved in the conversion of data from one DMS to another DMS. The audting, physical auditing of the data---

Q Just so that I understand, I believe that you were involved in some of the designing of the data bases for the various NSC systems, System I, System II, and System IV; is that right?

A Not extensively on System IV. But the others, yes. Charlie Carr, the previous incumbent to Jim Radzimski primarily was the design force behind what System IV data base system looks like. I was aware of that activity and, you know, had some input into it, but he was the primary person, coordinating through Van, the Director of the Secretariat.

MR. ROSTOW: Did you get the WHCA?

MR. McGRATH: White House Communications Agency.

BY MR. CAROME:

Q Could you tell us what that is?

A They are the network support for the National Security Council. They also support other EOB agencies, but they are our primary support. They support us by systems programmers -- what is the other term? There is another term. Application programmers, computer operators, troubleshooters. Movement of equipment, that sort of thing.

Q Whose decision was it to make you the System IV control officer in October of '86?

A I think George Van Eron.

Q What is his position?

A He is the Director of the NSC Secretariat.

Q Is he your immediate supervisor or superior?

A Yes.

I would think he ran it by the Deputy Executive Secretary, who at that time was Bob Pearson, P-E-A-R-S-O-N, but---

Q Was there a period of overlap between you and Mr. Radzimski as System IV control officer?

A No.

Q He was gone as, I believe, you said on the 24th, and you started on the 29th of October, 1986?

A His last day was the 24th. I verified this through reading a PROFs note which said this is his last day which formally notified the staff that I would be the person responsible for System IV starting that Monday. So Friday the 24th, 25th, the 26th, the 27th. However, I was on emergency leave the 27th and 28th, so I did not come back and return to work until the 29th, which was Wednesday.

Q Who wrote that PROF note?

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A George Van Eron.

Q In November of 1986, how much of your time was devoted to your System IV control duties?

A I would say it was 75 percent of my time in all of November.

Q And the remaining 25 percent, if you could very briefly describe what it was you were doing?

A The remaining 25 percent dealt with Secretariat -- proper duties, day-to-day operations of the Secretariat, System II, investigation matters, that sort of thing.

Q Could you please briefly describe what the System IV control officer did, and I am specifically referring to the job you did in the period October-November 1986?

A The System IV control officer was responsible for recording into the computer data base the System IV documents that were processed through him, also putting into what we call "document log" those same documents that moved to the West Wing. He was responsible for dispatching memorandum that had been signed or approved to other agencies and following whatever is the proper security regulations that entail, which means if they were classified, he would make sure there were receipts, that sort of thing, to maintian the originals in the file, so he was also responsible for filing.

Concurrently with that, there were other documents that were processed by him which were not System IV in the context of a -- of the Secretariat management system. They were handled in System IV, handled by the System IV control officer because they were intelligence matters, but they were not in and of themselves what we call System IV. These included CIA reporting cables, whether they were -- they have classified code word cables as well as regular routine cables. Sometimes there were documents, intelligence documents or intelligence publications that were very routine in nature. They appeared every week or every two weeks or every month. So those would be recorded in that system.

Q All right.

I will, I think, later get into a little bit more of the specifics of the data entries and the handling of the documents themselves.

I take it that in October or November of 1986, when you were working as the control officer, that was taking place in room 300 in the Old Executive Office Building; is that right?

A In the loft of room 300; that is correct.

Q Room 300 is a split-level office area; is that right?

A One part of it is a split-level office area. The entrance over the -- where the secretaries sit downstairs is split level. The other three -- the four offices are not split level.

Q And am I correct that the entire loft area is devoted to the System IV document maintenance?

A Not the entire. Most of it. David Major had some of his, what we -- I guess, you could define as chron files, his own copies of records that was handled by his secretary up there in one of those shelves. But they were -- that shelf was separate from the other System IV documents and there were some documents in boxes.

Q All right.

Were you the only person who worked up in the loft area?

A No, I was not.

Q Who else worked up there?

A Kathy Gibbs, who was a secretary to David Major.

Q And it was just those two people who worked up in the loft area?

A Yes.

Q Who worked in the room 300 complex in the period that you were System IV control officer?

A When I arrived the professional officers were Ken DeGraffenreid, Vince Cannistraro, Gerald May, and David Major. The secretaries were Kathy Gibbs, Pat RAWSON ~~Ralston,~~ and June Bartlett. Then myself and then, of course, Jim

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Radzimski would have been there up until the time -- up until the 24th.

Q Who was the senior person in the office?

A Senior person was Ken DeGraffenreid.

Q What was the working relationship between you and Mr. DeGraffenreid?

A You mean like was it cordial?

Q I guess I am getting at whether or not he would be a person you would look to for instructions or directions in what you were doing in your job?

A Well, he could give me some instructions and guidance, yes. But he was not my supervisor or superior. I was not part of his organization in that office.

Q You were not in his line of command?

A I was not in his chain of command.

Q Your line of command went to Mr. Van Eron?

A Mr. Van Eron, through him to the Executive Secretary.

Q And who was the Executive Secretary at that time.

A Rod McDaniel.

Q But did Mr. DeGraffenreid from time to time ask you to do things and give you instructions? During the time you were System IV control officer?

A Everyone asked me to do some things. They could be minor things like check this number in the system.

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Give me a log number. Has this gone out? Have you dispatched it? You should assure that this is carried across the street. Nothing -- he gave me no instructions in terms of anything that could be defined as affecting the integrity of the file -- whether it was physical integrity, or of the documents, or the computer data base.

Q At the time you were working in room 300, I gather that it was a certified SCIF or secure area; is that right?

A That is correct.

Q Could you just for the benefit of the record state what that means?

A A SCIF area is an area [redacted] that allows for open storage of classified information. [redacted]

Q I don't need too much detail.

A All right.

Q Basically it is a---

A It is alarmed. It is an alarmed area. The alarm system is monitored and responded to by the Secret Service.

Q In the period of October and November -- '86, when you were working in room 300, who were the other people who had access to the room?

MR. McGRATH: Is it anybody other than the people you mentioned earlier?

THE WITNESS: What do you mean by accessed?

BY MR. CAROME:

Q Who else could---

A Come into the room?

Q ---come into the room on a normal basis?

A Anyone on the staff. Any outside visitors could come into the room. There is a cipher lock on the door. There is a bell system, the letter V, so that if you were coming there to see me, you would have been cleared into the complex. When you got into the door, since it was secure, you would press the letter V, it would ring in the room. Someone there would buzz you in.

Q Let me see if I can be more specific. I guess I am more interested in who are the people who could actually open up the office at any time?

A The only people that were authorized to open up the office were the people on the access list given to the United States Secret Service, which were the incumbents in the office.

Q The list of names you gave before; is that right?

A Right.

MR. ROSTOW: I have a clarifying question here.

Did everybody in the -- who worked in the room, have the right to secure the facility at night and open it first thing in the morning?

THE WITNESS: As far as I knew, yes.

BY MR. CAROME:

Q Were there other people, other than those who worked there, who also had the right or ability to gain access to the room themselves, open it up?

A As far as I know, no.

MR. CAROME: Could we go off the record just for a second?

(Discussion off the record.)

BY MR. CAROME:

Q Mr. Merchant, were there other people, other than those who actually worked in room 300, who were on the access list?

A There were.

Q Who were they?

A They were members of the administrative office of the National Security Council. Mary Dix, D-I-X, Marcey Gibson; Mike Sneddon, S-N-E-D-D-O-N; and William Van Horn. Two words.

Q Did those four people you have just listed have the combination to the lock on the door that you needed to get into the room?

A To my knowledge they had neither the combination to the door nor the cipher lock combination.

Q What was the significance of their being on the access list?

A They were the administrative officers of the National Security Council. Mary Dix was the administrative officer; and if the Secret Service or any contractors under Secret Service had to go into room 300 and it was secure, physically secured, and no one was available who could open it up, if the Secret Service had to go into the room, they would have to get permission -- going down the chain of command from Mary Dix.

Q Could you please describe how the System IV documents, the actual documents were maintained in room 300? Let's start with where were they maintained in room 300?

A Well, they were maintained upstairs in the loft, some of them. Some of them were maintained in secure safes in the secretarial vault. Some of them were in standard record boxes approved by GSA and the National Archives in the third floor vault as well. That was really the overflow. We had no file space to physically put them on the shelves in the loft of room 300.

Q Just so the record is clear, let me see if I can get a clearer picture of where the documents were kept.

The main System IV files were in the loft area in room 300; is that right?

A The System IV control office was up there. System IV files were up there. By "main" I don't know what you mean. The ones that were in the -- in boxes in the vault were System IV documents.

Q Where were the majority of the System IV documents kept?

A In 300 loft.

MR. ROSTOW: Are you getting at where were the currently used? Is that a better---

MR. CAROME: I will touch on that.

BY MR. CAROME:

Q I just want to ask a few more questions here.

The loft to room 300 had no safes in it; is that right?

A That is right.

Q There were storage bins or storage files; is that right?

A Storage shelves, yes.

Q And---

A Or cabinets.

Q And that was where most of the current System IV records were kept; is that right?

A I don't know what you mean by current. What I am trying to say is that we go back to, I believe, 1981, or early 1982, when System IV was established. I had records in certain files back to that time period. The numerical files, I usually -- when I was there, I had '86 and '85; but '84, '83, '82, '81, were filed in the vault.

Q When you say in the vault, where was that?

A In the 300 -- room 381 complex, which is the Secretariat vault.

Q That is separate from room 300; is that right?

A Yes. And also in that room were two safes that had sensitive, even more sensitive System IV documents in them.

Q When you say "in that room," you are referring to the---

A In the vault. In the vault. The Secretariat vault.

Q Let's first go to the set of documents up in the loft. As I understand it, these were kept in file cabinets of some sort; is that correct?

A Yes.

Q And did those file cabinets have locks on them?

A They had a key lock on them, yes.

Q Was it your practice in October-November 1986, when you were system control officer,to keep those file cabinets locked?

A No. I may have locked them once or twice,

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I recall once or twice, but it was not a standard practice. There was no need to.

Q Why was there no need to?

A Because this is a SCIF unit. SCIF unit means open storage of classified information.

Q And what that meant was that anyone who could be in room 300, could then easily have access to the original System IV files; is that right?

Q That is right.

Q And just so that it is clear, I understand that other System IV records were kept in the vault of the Secretariat's office; is that right?

A Yes. The Secretariat vault.

Q Those would be System IV records prior to 1985?

A Generally speaking, yes, they were.

Q And also some particularly sensitive System IV documents; is that right?

A That is true, which also related to earlier administrations as well. So there was no System IV in earlier administrations, but they were intelligence documents or intelligence activities.

Q But even from the years 1985 and '86, I gather there would be some particularly sensitive System IV documents from those years that would be in the vault rather than up in the loft; is that right?

jm

A That is correct.

Q Who would make the decision as to which of those two operations the document would be kept in?

A The System IV control officer based upon the content and code word perhaps of the document, what the document was discussing. Or what program the document involved.

Q So that would have been a type of decision that you would make as the System IV control officer; is that right?

A Yes.

Q If it is possible, could you estimate the percentage of System IV documents for '85 and '86 that were kept in the Secretariat vault rather than the loft?

A I already said the '85 and '86 were in the loft. Prior to '85 were in the vault.

Q My question was I thought there were some particularly sensitive documents from '85 and '86 in the vault; is that right?

A A very small number.

Q Do you know if there were any for that time period?

A Yes, there were some.

Q But it was a very small number?

A Very small, because it dealt with certain particular programs not in any way remotely connected to the issues that are under discussion.

Q And just so it is clear, I gather what you are saying is if there were a document relating to the Iran initiative that was a System IV document?

A It would not be in there.

Q The same if it were a document relating to NSC activities with respect to Nicaragua; is that right?

A Would not have been there.

Q How are the files -- let me rephrase that question. During the time you were System IV control officer, how were the System IV files organized?

A Well, they were organized in many ways. The generic catch-all file was a numeric file, which meant a document filed numerically.

Q That would be numerically according to their System IV number; is that right?

A According to their System IV number. [redacted]

[redacted]

MR. McGRATH: You don't really need to get into the specifics.

BY MR. CAROME:

Q Yes. You don't need to get into the specifics.

A Well, they are filed different ways.

MR. CAROME: Let's go off the record for a second.

(Discussion off the record.)

MR. CAROME: Back on the record.

BY MR. CAROME:

Q I gather from what you have just been describing to us off the record, that the System IV documents that are on the main numeric log are generally filed in one of two places. First, in a grouping of files that are just in the numeric order, according to the number that they were originally assigned on the log? Or, two, subject matter files; is that correct?

A That is correct.

Q Just in terms of volume, what percentage of the System IV documents are in the numeric file, roughly, if you can estimate that?

A I would estimate 50-50.

Q A 50-50 breakdown between the subject matter breakdown file and the numeric file; is that right?

A Yes.

Q Who -- let me start over.

Is that the system that you inherited when you began as System IV control officer?

A Yes.

Q Who decided which of the two categories a document would be filed in?

A System IV control officer.

Q And who decided how to set up the subject matter files?

A Subject matter files were, I am sure, predate both me and Jim Radzimski and probably Charlie Carr.

Q You didn't make any changes to them during the time you were there?

A I may have added a file, you know, a key word or something like that, as I am sure Jim added some -- as he may have. It depends upon the nature of the document. If you got a document in that that never existed four years ago and was a unique subject type document, you might create a new subject to file all those type of documents.

Q Would the System IV documents relating to NSC activities in Nicaragua be in numeric files or in subject matter files?

A They could be in both, depending upon the content.

Q And I have the same question for Iran initiative documents?

A They could be in both, depending upon the content.

Q You mean either? They wouldn't be in two places at one time?

A Well, one document would not be in two places. But if you had two documents, one could be here, one could be there.

Q I understand.

Could you briefly review for us the process of creating a System IV document specifically the process of giving it a number and getting it into your files?

A Okay. Creating is not the right word, because I didn't create, okay. I staffed.

There are two ways that System IV documents would come to me. The first, in any order -- the first would be from the outside to the National Security Council; the second would be a memorandum prepared by a member of the National Security Council staff. The second would usually have a System IV number on it that had been requested by phone, generally speaking, or issued to it by phone or someone came by and said I need a System IV number.

im

The first, being the ouside agency input, would come and I would put a System IV number on it, using the next number on the list. Then I would put them into the computer data base and process it as required. If it were a memorandum going across the street to the West Wing, I would also put it into the document log data base.

Q You are talking about two separate data bases?

A Yes.

Q What are the names for the two separate data bases, or sort of the name you would refer to in your job? Not necessarily the technical name.

A Well, the first is a classified term. I can't tell you that. It is the System IV data base.

The second is what we call "Doc Log," short for document log.

Q Those are two completely separate data bases; is that right?

A Two completely separate data bases, yes. Two completely separate computer code words which required access.

So if it were going across the street, I would put it into document log. If it were going -- or after the computerization is finished, if it required staff go to staff officer, I would put a cover on it and send the

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original to the staff officer, whether he was in room 300 or down the corridor, in a sealed envelope with his name on the outside and I would keep a suspense copy of the document. That suspense copy -- well, there was also a read file that summarized all the activities of System IV for that day that I would put documents in.

Q I am going to ask you about the read file separately later. So we don't need to talk about that right now.

A Then it would be sent down the hall. Then I would file the suspense copy or retain the suspense copy. As document action was completed, I would update the computer and file the original destroying the suspense copy once I had the original.

MR. CAROME: Why don't we mark this group of documents as Exhibit 1.

(Exhibit No. BTM-1 was marked for identification.)

BY MR. CAROME:

Q Just for the record, what we have just marked as Exhibit 1 appears to be -- purports to be the System IV document log for the years 1984, '85, and '86. It is a many paged document separated into three groups according to year, I believe.

Mr. Merchant, I show you what has been marked as Exhibit 1, and ask you is that, in fact, the -- a System IV document log for those years?

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A It appears to be the System IV document log for '84, '85 and '86, yes.

Q The very first page of what is Exhibit 1 is headed, "1986 System IV numbers to be issued by NSC/S." It is a page that appears to be somewhat different than the other pages for 1986. I wonder if you could, for the record, explain why that is?

A NSC/S is National Security Council Secretariat. These numbers beginning with the 42 number system -- series were for the Secretariat to issue after hours when the System IV was closed, the control officer was gone, 7, 8 o'clock at night someone calls requesting a System IV number, it would be issued by the Secretariat. They are different only -- they are different in the numbering system to indicate that they were issued after hours and not issued in the normal--

Q It is a separate numbering system; is that right?

A Yes.

Q And---

A But only because someone was not available to issue a, I guess, regular number.

Q Where was this separate log maintained?

A It was maintained in the operational safe in a sealed envelope of the Secretariat.

Q And I gather someone would be there 24 hours around the clock; is that right?

A The Secretariat opened at 7:00 in the morning and closed at 9:00 at night, normal hours. Someone would be there until 10:00. But those were the normal hours.

Q Could you just briefly describe how this log worked or was used by you during the time you were System IV officer

A A document would come in. I recognized it as a System IV document versus it being a reporting cable, something that is handled in the data base, but not considered System IV. Had a stamp that I would stamp on the document. I would go to the log, take the next available number, write it on the document, sometimes maybe on two pages, if it were a cover memo, and a cover -- a cover note and another larger memo, and initial on the document and a date by the document.

Q That would be for documents coming in from outside?

A Coming from outside. If it was someone requesting it---

Q For instance, if it were Oliver North or Oliver North's secretary, Fawn Hall, producing a System IV document, how would that process work in terms of getting a number and all that.

A They would generally call. Fawn would call and ask for a number. I would go to the list, the next available number, indicate -- probably one of both ways. Sometimes I would put my initial and the date, or -- the first number I used on a day, I put the date. Until that changed, the next day, when I used the first number the next day, anything in between was all on that date. So sometimes I would just, say, in the early days, I believe, if it was used, I would put my initial. The later days, I would put who requested it by their code, by their initials.

Q Sometimes you put your own initails rather than the requestor's initials; is that right?

A Yes. Because this doesn't mean anything. This is a log. Until it goes in the computer data base, there is no record of the document.

Q And just so it is clear, I gather that from -- during the time period you were System IV control officer, there might be some entries that have your initials on them, but they could have been documents being created by or for Oliver North; is that right?

A The entries that have my initials on them are those numbers that I issued, had nothing to do with whether or not I created -- well---

MR. McGRATH: I think the question is if -- if Fawn Hall called and asked for a number, are there instances where you would have noted the assignment of a number to initials and not Fawn Hall's?

THE WITNESS: Well, as you can see---

BY MR. CAROME:

Q For the record, we are looking at the fourth page of Exhibit 1, part of the 1986 document log.

A As you can see from here, it was generally my practice to put my initials. Occasionally I would indicate whom. For instance, Vince Cannistraro here. June Bartlett here. June there.

Q I guess my question is it is possible that some of those items, during the time when you were System IV control officer, that have your initials next to them but which could have been documents that Fawn Hall or Oliver North was preparing; is that right?

A Could have been prepared by any staff officer, yes.

Q Do you know whether or not your predecessor, Mr. Radzimski, followed that same practice?

A I don't know. You would have to look at his list.

Q We don't need to do that right now. You don't know whether or not he followed that practice?

A I don't know. I would assume he could have. Again, this doesn't serve any purpose other than to say this number was used and the next available number is this number.

Q When you say this, you are referring to the log which is Exhibit 1?

A To the log, right. Okay?

Until the document is actually given to me, until

I put it into the data base, that document never exists because they may decide to cancel the number.

MR. ROSTOW: Or they may decide not to create the document and fail to tell you?

THE WITNESS: That is right.

BY MR. CAROME:

Q Is that right?

A That is correct. If a number were canceled and I was told it was canceled, I reused the number, because we tried -- we didn't -- I tried to maintain consecutive numbering, you know. If I was told it was canceled, then I would issue it to the next available document or to the next available request for a number.

Q All right.

I would like to turn briefly to the document log data base. Could you briefly describe what that data base was?

A The purpose of the document log was to serve as a locator, an original document locator of documents sent to the West Wing of the White House.

Q And did that apply just to System IV or to other NSC documents as well?

A It applied to all NSC system documents that were processed through the West Wing desk. If a document were not processed through the West Wing desk, it is possible it wouldn't be in Doc Log initially. Now most of those documents if they came back through the West Wing desk and were not originally in document log, would be at that time put in document log.

Q And what type of information was contained in the document log data base?

A The log number of the document to include the year, description, subject, title, line, the staff officer, the primary staff officer, if there were more than one, which we considered to be the first. At that time there was only one field for staff officer. Currently we have added a second field.

The document date, and then a chronology of location based upon function key input. So that if a document were sent over there, I could look at the list of function keys and say if this is going to this person, who is this function key, I would hit that function key and the document was recorded in document log.

Q And as I understand it, this was a system which tracked only documents going to the West Wing; is that right?

A That is correct.

Q And why was that?

A Because staff officers had the habit of calling the West Wing desk, when I was West Wing desk coordinator, and calling the Executive Secretary's Office, and asking questions about the status of their document. Well, to alleviate that -- those phone calls, and to resolve the needless activity of calling over there, saying where is the document, when I couldn't say anything more other than it is here, and to physically find it, I would have to look on someone's desk, document log was created. So that as the document log moved and the document log was updated to reflect the movement of the document, a staff officer in lieu of calling, asking for the status, can go to his computer, call up the log number which he would have to know, but if he prepared the document he should know it, and could tell him exactly where the document was.

Q Let's take as a hypothetical example a System IV document that Oliver North might have prepared to send to John Poindexter. At what point would the initial document log data entry record be created?

A Well, in October-November, I would create it in room 300 loft, most of the time. If there were a time when I had to quickly get a copy, and I would say 95 percent of the time, quickly get across the street, I would walk across the street and could create it at any terminal in the West Wing desk.

Q Do you know what the practice was prior to the time you were there during 1985 and '86?

jm

A I would assume Jim would have done it at his desk.

Q Correct me if I am wrong. I understand after it was created, people's secretaries would have the capability of updating---

A Not people's secretaries.

Q ---the data?

A No. Not people's secretaries. The only people authorized to create, edit, update data in document log,or for that matter,any of the Secretariat data base systems are, one, Secretariat personnel people; and for document log, that also includes the secretaries and support staff of the Office of the Executive Secretary,and for document log, it includes the secretaries of the National Security Adviser.

Secretaries who worked for a particular staff man could not create, edit, delete document log. They could not create, edit, delete data base as far as I know, as far as the system was originally designed, and as far as WHCA has maintained that the security of the system under those security restrictions remained in effect.

Q From what you are saying, I understand, for instance, the National Security Adviser's secretary would be able to go into the document log data base and update it or edit it; is that right?

A Update it. They don't all have the edit capability.

I can -- one of my duties is to control access to document log; and for someone to have the edit capability, I would have to go into that file, which is a separate file, which I am aware of, Van is aware of it, others now may be aware of it, but no one else had access to it. And I would have to give them the edit capability. If I didn't give them the edit capability, they could not edit. That doesn't mean they could create an update.

Q Just so it is clear, did you have this responsibility -- did you have responsibility with respect to document log prior to the time you were the System IV control officer?

A I had responsibility for document log ever since document log was established. I established document log.

Q When did you do that, roughly?

A Roughly, I think '84, late '84, early '85, maybe. It superceded a file that existed before called "Day Log."

Q There was a predecessor system to document log; is that right?

A Yes.

Q What was that system?

A Day Log.

Q How did Day Log work?

A Day Log was really established at the West Wing to replace an older system which was a manual typewritten system.

jm

Q When was Day Log in effect? Roughly?

A Well, before -- I have to go back. When I first came over to West Wing desk, it was a manual typewritten system of recording log numbers, titles, and action. Shortly after I came over there, I said to myself this is nonsense. I called WHCA up and instructed them to put up Day Log. I went and used a previously established file, just said I want you to clone this file and put numbers on it -- not put numbers on it. Clone the file. I used that file and instead of doing it manually, I put it into Day Log.

Q And again it was a system for data base for tracking documents sent over to the West Wing; is that right?

A Yes. But it wasn't as precise as Doc Log.

MR. McGRATH: Was Doc Log in effect in 1985?

THE WITNESS: Yes.

MR. ROSTOW: Was Day Log?

THE WITNESS: Well, there is a version of Day Log today, but that version of Day Log today is not the same version of Day Log.

BY MR. CAROME:

Q What is it used for?

A Day Log today?

Q Yes.

A All Day Log does is summarize the activities in

jm

document log for a given day. We can't do anything other than look at a day, give it a day. It cannot be manipulated.

Q What information is contained on this Day Log?

A Whatever is in Doc Log. It is like a retrieval system. If I do 12 actions today, I could call up Day Log for today and it will show me the 12 actions done in document log.

end dennis
thomas fls

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Thomas
2:00
jm 1

Per BTM

Q Starting with the period when you were ~~Assistant~~ 41 System ~~for~~ FOUR Control Officer, who at that time had the capability, or did you give the capability to, to be able to edit the document log data base?

Per BTM

A Well, if we had no NSC ~~Secretary~~ SECRETARIAT personnel coming on, I am sure I could have.

Q I am not asking who you gave it to, who had that capability during October, November?

Per BTM

A No one except ~~Secretary of Personnel~~ SECRETARIAT personnel, Executive Secretary's Office personnel, the personnel in the National Security Adviser's office, and that is it.

Q They all had the edit capability?

A No.

Q That is what I am asking you, who had the edit capability?

A I couldn't tell you that.

Q Generally speaking, most of the secretariat personnel had edit capability. Some of the Executive Secretary personnel had edit capability, and maybe some of the, one or two of the persons upstairs, particularly night people.

Q How was edit capability controlled, what was it that those people had that others didn't have the capability? Was there a password?

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jm

A No; when the document log screen came up, and you could only edit, you could only edit under one section of document log. The document log has three sections. You could only edit. If you had edit capability, the field came up, said edit. If you didn't have edit capability, that field would not appear.

Q Was it a user ID specific limitation?

A It was a user ID limitation controlled in a separate file, not known to the staff, that I controlled.

Q Was there also a separate password, one needed to get into edit mode or just user ID?

A User ID specifically.

Q Was the document log data base to reflect the removal of originals from room 300 for documents that had been closed out and for which action was not ending?

A The document log did not reflect that, no. The document log reflected the status of actions sent across the street and it would reflect the final action taken upon those memoranda sent across the street as they were returned to the Secretariat.

Q Typically the final action would be reflected that the document had been returned to the Secretariat files?

A No, typically it would say what action was taken. Document log does not reflect what you are asking. That would be the data file.

Q If we could go off the record for a second.

(Discussion off the record.)

BY MR. CAROME:

Q Let's go back on the record.

Correct me if I am wrong, I am going to try to describe how I understand the document log data base works. I understand that it is used to track documents sent over to the West Wing for which action is necessary or pending; is that correct?

A That is right.

Q And once a document is closed out, filed away, and there is no further action, there would not ever be an occasion on which to track it again on document log; is that right?

A Unless there was an add-on memo.

MR. ROSTOW: I think what you mean is to add information to Doc Log?

MR. CAROME: That is right; you would not add information to document log if some one really were borrowing a document that was a year old, taking the original out of the files to look at it, to review it, would add a document log entry for that purpose?

THE WITNESS: No. That would be the improper file anyway.

BY MR. CAROME:

Q Why do you say that?

A Document log is a locator for originals in the West Wing.

Per BTM

Q At the time when you were working as a~~n~~ ~~Assistant~~ System ~~for~~ FOUR Control Officer, would it have been possible to call up document log records for System IV documents dating back to '84, '85?

A I would say, yes, assuming that document log did exist in '84, which I believe did.

Q And on from that one could review, review or track the places where that document moved during the time that it was on an active document?

A Yes, assuming that their every place in time was recorded into the system.

Q Are you aware of any change or edits made to document log entries during November of '86?

A Not specifically, but I am aware that I would have made such changes, if I had known, if I had noticed in correction, or inaccuracy in any document file, any document record. It is a standard practice to correct error.

MR. ROSTOW: You would not have gone back to a 1985 document and corrected an error in the document log then, would you?

THE WITNESS: No.

BY MR. CAROME:

Q You specifically recall that you didn't do anything like that; is that right?

A Not that I am aware of, no. To do '85 records there would have to be created a new document log record as an add on.

MR. ROSTOW: Whatever correction you typed in in October-November '86, concerned documents sent to the West Wing for which action was pending; is that right?

A Pending or closed out, if there is a correction that needed to be done. If an '85 record is still open, it is still active.

BY MR. CAROME:

Q I am referring to closed records, did you make any changes to a document log record for a closed record?

A Other than for the normal editorial or audit requirements, no, which is standard procedure.

MR. ROSTOW: Which would be after action was completed?

THE WITNESS: It would be at any time I would know the error. If it is closed and I missed data but for some reason I am reviewing day log for that day and I see John Doe is misspelled, I will say, okay, that log I would go to it and correct it.

jr

BY MR. CAROME:

Q Did you ever change, not simple errors, but the actual substance of a document log entry for any closed out document?

A What do you mean by "substance"?

Q I am talking about changes, occasions as to who it went to and where it went?

A I have.

Q When have you done that?

A In the standard course for any specific log number, but in the standard course of my duties?

Q Did you do that at all during the period that you were Assistant Control Officer?

A Yes.

Q Why would you change occasions as to where a document had gone?

A Because, the occasions were incorrect. For example, an item was sent to Bill ~~Cortney~~ COURTNEY, or it wasn't sent to it, it was sent to John Doe, and I had the buck slip there.

Per BM

Q You were essentially correcting mis~~s~~takes that had been made?

A Yes, sir.

MR. McGRATH:

Q Did you ever, during October-November '86, go back on your own or at the request of somebody and change

jm

a document to indicate that it had not gone to somebody when the record, the Doc Log indicated that it had?

A No; but let me clarify that. I had that authority to, as Deputy Director of the Secretariat, to ensure the integrity of all data bases. No one would ever ask me to do such a thing. And based on someone asking me, I would, but I had the authority and responsibility and duty to assure that integrity.

BY MR. CAROME:

Q Did anyone ever ask you to alter a document log?

A No.

Q Entry?

A No.

Q That is during November '86, or even more broadly?

A Never.

Q Were you ever aware -- I will limit this to November '86 -- were you aware of any attempt to alter a document log entry other than yourself?

Per BM

A Why, I know other ~~secretary~~ Secretariat personnel have the edit capability. The people at West Wing desk had the edit capability, so if they were noticing any inaccurate information on the System II document or System I document, they would make the correction.

Q Were you aware of anyone making changes to the data base in 1986, November '86?

jm

A Everyone in Secretariat can make changes to the data base.

Q Do you know of any specific instances in which someone did that in November of 1986?

A I know that has occurred by people.

Q You knew that occurred in November '86?

A It occurs all the time. It is not an unusual event, is what I am trying to tell you. It is standard practice and standard requirements for people as they know errors to make the corrections. Most of those errors would be not in terms of the important history of the document, they would be in terms of incorrect staff officers, incorrect document dates, incorrect, inaccurate ~~term~~ terms in the description of title of the document, a document or information added to a prime document which had been added to an add-on document.

Ret BTM

Q Let me--all of those changes that you are talking about are changes that are part of the effort to make the tracking of the document more accurate; is that right?

A Yes.

Q Are you aware of anyone trying to make changes to make the tracking record other than the true tracking record?

A No.

Q Now, if we could turn to the other System IV data base, just for linguistic purposes, what is the word we should use to call or to refer that the data, should we refer to it as System IV data base?

A That would be correct.

Q Could you briefly describe what the System IV data base is?

A The System IV data base are all data bases in the Secretariat's information management system. Its purpose is to record into a computer data base and tracking information from a document, to include many things we can touch on, if you desire, and also to record the history of action taken upon that document from the moment that it first came into the NSC staff to the final moment when the action is completed on that document and we are preparing it to be filed.

Q I have myself, just yesterday, saw printouts from that, so I don't think we need to go into great detail as to the type of information contained on that data base.

I will try to ask a few specific questions.

How many pages or screens of information are there on this data base for each document?

A As many screens as is necessary.

Q Is it typically just one page per document?

A I would think that that would be a good assumption. It is as many screens -- our screens are infinite. So if I have to use 20 screens to record the fact that 400 people signed a letter, I use 20 screens.

Q Could we go off the record just a second?

(Discussion off the record.)

BY MR. CAROME:

Q During the period November 1986, or when you were, let's keep it to November '86, what did someone need to do in order to have access to an edit capability of the System IV data base?

A There is no edit capability as such in the System IV data base. The fact the data base exists means you can duplicate it.

Q Someone who gets the data base up on the screen can change it; is that right?

A Yes, sir.

Q What does it take to get the data base up on one's screen?

[redacted]

Pages 50 to 57
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TOTAL

jm

[redacted]

BY MR. CAROME:

Q Let me ask you a few particular questions to see if I can flesh this out just a little bit more.

A Can we go off the record for a second so I can explain something?

Q Yes.

(Discussion off the record.)

MR. CAROME: Back on the record.

MR. ROSTOW: Only three people could, to your knowledge, do all of ~~thsoe~~ these steps you have outlined?

THE WITNESS: Well, in System IV, but this is a standard format for all.

MR. ROSTOW: For System IV?

THE WITNESS: Okay.

MR. ROSTOW: But only three people could do it; is that right?

THE WITNESS: Yes.

MR. ROSTOW: For System IV?

THE WITNESS: Yes, sir.

Pages 59 to 62

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TOTAL

jm

[redacted]

Q During November 1986, did you alter the System IV data base records for any documents?

A I never altered. I edited, updated, created, closed records.

Q For example, did you---

A Which means a change in information.

Q What you are talking about is in the nature of correcting misspellings or correcting inappropriate entries?

A Or just recording what was done with the document, standard.

Q Updating it?

A Yes.

end thomas
dinkel fls

Dinkel
3:00

jm

Q Do you recall making any changes in November 1986, to data base records for documents as old as five or six months or more old?

A I don't specifically recall, but if a document that was five or six months old was opened and the action was completed on that document during that time period, yes.

Q What about for closed documents? Did you make any alterations on documents that were closed out for as long as five or six months at that point?

A If documents were reopened, yes.

Q What about ones that were closed and not reopened, did you make any changes to those documents?

A Other than routine minor editorial auditing purposes, if I noticed mistakes. If I were in a retrieval system and saw a misspelling,or I changed it -- for the reporting cables, you know, I instituted a new system.

MR. McGRATH: You are not concerned with reporting cables.

THE WITNESS: Okay.

MR. ROSTOW: So you don't specifically recall?

THE WITNESS: Not on System IV documents, no. But on reporting cables, yes.

MR. ROSTOW: You don't have a specific recollection?

THE WITNESS: Yes.

jm

BY MR. CAROME:

Q In November 1986, did anyone come to you seeking assistance in modifying, changing, editing, altering a record in the System IV data base?

A No. No one would have that ability to---

Q And, in fact, no one did make such a request; is that right?

A No one did, that is right.

Q And to your knowledge, I take it, no one other than you made any alterations to the System IV data base during November 1986; is that right?

A Not alterations. Changes. The term---

Q Was it---

A Alteration to me implies changing data to give a false---

Q That is right.

A Okay. Alterations, no. Changes in terms of updating correcting, recording what was done with a document. That was standard procedure, a daily occurrence.

Q Who else did that?

A In System IV?

Q Yes.

A The only people who could have done it would have been George Van Eron, and John Ficklin. For practical purposes during that time period, they were not involved.

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They are back-up personnel only if I am not there.

Q Do you know whether or not their back-up services were required at any time during November 1986?

A I don't recall that it was.

Q Just so the record is abundantly clear, you are not aware of any attempts to falsify the data records in the System IV data base at any time in November 1986; is that right?

A I am not aware of any attempts.

Q By you or anyone else?

A By me or anyone else.

Q If we could turn now briefly to the subject of what you have described earlier as read files, could you tell me what read file was in the System IV system?

A Read file was a large accordian envelope, folder, and I would put the suspense copy of documents -- of System IV documents. I didn't have the original. And the original IV copy of System IV documents where action was completed, into that folder,and circulated among the senior directorate staff of the intelligence directorate for them. And it reflected the day's activity in System IV.

Q And those documents, either copies or originals, would be circulated to the other professionals in the room 300 complex; is that right?

A That is right.

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-- Q Was it circulated outside room 300?

A Never by me, no.

Q And what was the purpose of circulating all the System IV documents to those people?

A To keep the intelligence directorate head and his immediate staff knowledgeable of what was going on.

MR. McGRATH: Would the suspense original ever be circulated in that read file without the computer entry?

THE WITNESS: There was no computer entry that reflected the read file.

MR. McGRATH: No. No. No. The substantive information having been entered into the System IV data base?

THE WITNESS: Very, very rarely, and only in the context of if I were working late at night, I had 15 items, you know. I would have it in Doc Log always, but I may not have had a chance to put the last item in [illegible] the data base. It would go in the read file. I would get it back. But if I did that, I would put notations to myself. Yellow stick-ems on my lamp. That rarely happened. My practice was not to put something in the read file that was not in the data base.

BY MR. CAROME:

Q Just so it is clear, it was your practice to put into the read file all incoming System IV documents; is that right?

A Suspense copies or originals, if they required no action; yes.

Q Do you know whether or not your predecessor, Mr. Radzimski, followed a similar practice?

A I believe that he did.

Q And what do you base that belief on?

A It seems logical to me that he would have. He may have mentioned it. I don't specifically recall him mentioning it, but he also may have mentioned it.

Q I gather that in November 1986, when you took up this practice, or began yourself circulating a read file, it did not come as a surprise to the professionals in room 300 that you were doing it; is that right? They didn't say why are you doing this?

A I don't think so, no.

Q And just so it is clear, who are the people who would see the read file in November 1986?

A Well, it would be routed to the professionals, Ken DeGraffenreid, Vince Cannistraro -- always to Ken DeGraffenreid first, and the others who could see it, and not necessarily saw it all the time would be Vince Cannistraro Gerald May, David Major and, of course, the secretaries downstairs, primarily June Bartlett and Pat ~~Ralston~~ RAWSON, and rarely the secretary upstairs. If it came upstairs, it came to me.

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Q And did this read file circulate from person to person in the normal course?

A What do you mean by in the normal course? It was there to be circulated to all the professionals downstairs.

MR. ROSTOW: Could the professionals have shown the read file to someone outside of room 300?

THE WITNESS: They could have.

(Exhibit No. BTM-2 and 3, were marked for identification.)

BY MR. CAROME:

Q Mr. Merchant, I show you what has been marked as Exhibit 2. I will state for the record that it is a Xeroxed copy of a piece of paper that says at the top, "White House" -- or "The White House, Washington."

Let's go off the record for a second.

(Discussion off the record.

BY MR. CAROME:

Q It has a Roman Numeral IV at the top, and then six numbers on it, among other notations.

MR. ROSTOW: The record should reflect the Roman Numeral and the numbers are handwritten.

BY MR. CAROME:

Q And I ask you, Mr. Merchant, do you recognize what that document is?

A Yes.

What is it?

A It is a list of numbers that was given to me to go to the files and pull these System IV documents.

Q I guess if you could just tell us in narrative form what the incident was that this piece of paper related to.

A Well, as I recall, I believe this was on my desk, and---

Q Was an original handwritten copy on your desk or was it a Xeroxed copy; do you recall?

A I don't recall. But I don't think it was the original, no.

And it was indicated to me, I believe, by June Bartlett, that these numbers were requested by Ken DeGraffenreid and would I pull the documents.

So, based upon that request, I went into the files looking for the documents. I was able to find all but one of the documents; the one document that I did not find I circled and I wrote a note -- I Xeroxed this on a larger piece of paper and wrote a note.

Q Let me stop you right there and show you what has been marked as Exhibit 3, and ask you is that the note that you were referring to?

A Yes. That is the note I was referring to.

Q Why don't you continue with the story?

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A And I dated it November 21, 1986, which was the date of the request, and the date of the response. And I said the contents of the note. Do you want me to read this?

Q No, you don't have to.

What did you do with the note and the documents you pulled?

A I put this on top of the documents.

Q When you say this, you are referring to?

A A sheet of paper just like this.

Q A copy of what is marked Exhibit 3; is that right?

A Yes.

Q And you put that together with the documents,and where did you put the documents?

A I believe I gave them to June Bartlett. Might have put them on her desk,if she wasn't there, but I took them downstairs to her desk.

Q All of what you just described happened on November 21st, 1986; is that right?

A Yes.

Q Just for the record, who is June Bartlett?

A The secretary to Ken DeGraffenreid.

MR. ROSTOW: All of this occurred in room 300?

THE WITNESS: Yes.

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BY MR. CAROME:

Q Do you recall whether June Bartlett orally asked you to pull out these documents? Is that what you recall happening?

A My recollection is that it was on the -- this note was on my desk. We probably talked. I may have asked---

Q We, meaning you and June Bartlett?

A I said what is this, why is it on my desk; or she may have had a PROFs note to me, which I don't believe there was a PROFs note. She may have buzzed me on the intercom assuring that I had seen this. So I believe there was some sort of conversation, very briefly, to say that hey, did you see this, this note, this list?

Q Did June Bartlett say that it was Ken DeGraffenreid who wanted these documents pulled?

A I am under the impression that I recall that that was the case. But if it weren't, then I would assume it was the case, because she worked for him.

MR. McGRATH: Do you have any specific recollection of her saying that Ken wanted them?

THE WITNESS: I can't say specifically, no.

BY MR. CAROME:

Q Do you think it is more likely than not that she actually said Ken wants these, or words to that effect?

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A I think it is likely that she did, yes.

Q Did Ms. Bartlett say anything to you about why it was these documents were being pulled?

A I don't recall such a statement, no.

Q Was this in the morning or the afternoon of the 21st?

A I seem to recall that it was late morning and I responded early afternoon.

Q Did someone bring the note up to you, your office, or you found the note sitting on your desk?

A To my recollection, it was on my desk.

Q So it had been placed there while you were away from your desk; is that right?

A Yes. That is my recollection.

Q Did you at the time have any understanding of why these documents were being pulled?

A No.

Q Did you know that they all related to Colonel North's role with respect to support for the contras?

A I knew what the titles were just by having to go into the system to identify the numbers to see where they would be filed. So I was aware of what the topic of the documents were.

Q Did you connect that with what was going on at the time?

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-- A There was nothing going on at the time on November 21st.

Q Well, you knew at that time that there was a major uproar over the Iran arms deals; is that right?

A There was an uproar in parts of Washington. There was no investigation and no formal requirement or any such other thing.

Q But you did not connect this request for these documents in any way with the ongoing controversy about the Iran arms deals; is that right.

Q No.

MR. ROSTOW: Did you recognize the handwriting?

THE WITNESS: At the time, no.

BY MR. CAROME:

Q Do you recognize it now?

A Yes.

Q Whose handwriting is it?

A McFarlane's.

Q Was November 21st the first time you ever saw this particular list of documents?

A Yes.

Q When you say this list, do you know whether or not these various notations written along the right-hand edge of the page, one says "cover," one says "19 January," one says, "Yediot Ahronot, page 7"; do you know whether those notations were on this list when you got it?

jm

A I don't recall the notations on the list.

Q Do you know what they mean?

A No.

MR. ROSTOW: In the normal course, if somebody asks you for a document, you would get the document without asking them why they want it?

THE WITNESS: Not in the normal course. It would have to be someone in the directorate. It could be either of the secretaries, you know, and the assumption would be made if they are asking for it, that it would be for Ken DeGraffenreid or Vince Cannistraro.

BY MR. CAROME:

Q And I gather what you understood you were being asked to do was to pull out the originals of these documents; is that right?

A If they are closed, there is no other copy but the original in the file.

Q And, in fact, were all the documents you pulled out the original documents?

A Yes.

Q Did you,at the time you pulled them, have an understanding that someone outside of room 300 was the person who was actually seeking the originals?

A No.

Q You didn't know that it was North who wanted

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these originals?

A No.

Q What is the next thing that happened with respect to the -- to these documents that you pulled?

A Well, I never saw the documents again. However, I got my note back with a comment by June Bartlett that said, signed out to Ollie North.

Q What you are referring to is the comment at the bottom of Exhibit 3, which is circled; is that right?

A That is correct.

Q Whose handwriting is that?

A I would assume this is June Bartlett's.

I initialed by it and circled it, and then date stamped it. Then I went to the computer, for each of the log numbers, except for the one that was circled, and updated the computer to reflect that the originals were with Ollie North.

Q Which computer data base did you indicate that fact on?

A The data base. It would not be Doc Log.

Q What entry did you make on the data base?

A I said, North, X, the date, which would be 11/25/86, FI, which translates for information, and changed the "S" code field, which we use for status to S, I believe, to indicate that it was not closed, it was open.

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Q And those changes to the data base, as I understand it, were made on November 25th, 1986; is that right?

A They were made the same date that I got this, circled this, went immediately to the computer.

Q That was November 25?

A November 25.

Q Did you speak to June Bartlett about what had happened when these documents were picked up by North?

A No. Not that I recall.

Q Did you have any conversation with her about these documents after you got her note?

A Not that I recall, no.

Q Did you ever discuss the pulling of these documents with Ken DeGraffenreid?

A No.

Q And that is to include times even after November 1986, did you ever discuss it with him?

A Pulling it, no. Or these documents, no.

Q I believe that Mr. DeGraffenreid has testified in his deposition about a discussion he had late one evening in December, when documents were being pulled, about these documents, and, I believe, basically he recalls you simply saying, these are the documents you pulled for North, and you brought them to him. Do you recall that occurring in December?

jm

MR. McGRATH: Do you have his deposition here?

MR. CAROME: I don't think I do.

THE WITNESS: In the course of my fulfilling my role as the security officer and being significantly involved in researching, locating, identifying, pulling System IV documents for these investigations, I have discussed quite a few, if not all, the documents that we found with both Ken DeGraffenreid.

I had to give him documents to physically look at, to include the document with the computer data sheet that you are familiar with. It may have been what I believe I I would have been referring to at that time would have been the computer data sheets, because I would not have had the documents.

And the computer data sheets would reflect the fact that these documents, on this date when I updated it, said that these documents were now with Ollie North, because these numbers were in the list of numbers that we turned up in the search, but we could not produce the documents because they were not there. They had been given to Ollie North; according to this note.

BY MR. CAROME:

Q And, in fact, you never got the documents back?

A I never got the documents back.

Q Was that the first time since you became System IV

jm

control officer that original documents were requested by someone else?

A Of me?

Q Yes.

A Yes.

Q Was that the only time that that occurred, in January? I am sorry. I am sorry. In November 1986?

A I believe so.

Q And specifically do you recall any other instances other than the one we were talking about before during November 1986, in which anyone asked for or received originals of System IV documents from you?

A I don't recall, but as I said to you before, I have a list, a classified list that I have done on my own that records all requests for System IV documents beginning with these documents by anyone of me from this date forward.

Q And when you say this date, what date are you referring to?

A November 25th.

Q That was the date on which you started keeping that list; is that right?

A No. I started the list actually later. But up until the date I started the list and requirement that sought such a list, there have been no intervening requests for documents.

jm

Q When did you start keeping that list of charged out or borrowed System IV originals?

A I think it was mid December.

Q And---

A It was based on an IC memo that had come in.

Q And at that point in time, or to that point in time, between October 29th, when you started as System IV control officer, to that date, the only instances, or the only instances in which System IV originals were removed from the files, to you knowledge, was the one instance reflected on Exhibits 2 and 3; is that right?

A That I can recall. If there were another instance, I can't recall; it would be on that sheet. I don't recall anything else in November, though. That sheet is a memo for the record.

Q Did you, in November 1986, ever see any other person accessing the System IV original files?

A I seem to recall once or twice when maybe June might have come up while I was there looking for something.

Q That is June Bartlett?

A June Bartlett.

Q Do you recall anyone else at any time accessing the original files in November 1986?

A No, I don't believe there was anyone else -- when I was there.

im

Q And there were times when you weren't there; is that right?

A That is correct.

Q And times during the normal office hours when you weren't there; is that right?

A That is correct.

Q But, for instance, you don't recall any of the following people, Oliver North---

A I never saw Oliver---

Q Or Ken DeGraffenreid accessing the System IV original files; is that right?

A No.

Q And specifically neither, do you recall -- do you recall neither North, Poindexter, or DeGraffenreid ever asked you for any original System IV documents during November 1986, except for this one event we have already talked to?

A That is right.

Q Are you familiar with the level of computer skills of Ken DeGraffenreid?

A I am aware that he was trained on how to use the Display Writer, VAX machine. I believe those two machines are in his office.

Q If he had the appropriate passwords and user IDs, is it your understanding that he would be able to get into the System IV data base and make alterations?

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A I wouldn't---

MR. McGRATH: Why don't we rephrase that. You really are asking him to make a very conclusive statement about something. Why don't we lay some factual predicate about his knowledge of DeGraffenreid's skills.

MR. ROSTOW: You have, in fact -- the question has already been asked and answered, because it has been established precisely what someone would have to know in order to be able to access the data base.

BY MR. CAROME:

Q I am asking did he have the basic computer know-how to be able to do the various steps that we talked about before in terms of accessing the System IV data base?

A Well, if by computer know-how, you mean the fact that he was able to use his terminals, for example, a Display Writer to write memos and things like that, if that is what you mean, meaning he was familiar with the keyboard, then assuming he knew all the other steps and requirements, it is possible.

MR. McGRATH: Do you have any reason to believe that he did know all of the other steps required?

MR. CAROME: I do not -- oh, you are asking him.

THE WITNESS: Do I have any reason?

No, I don't think he did.

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BY MR. CAROME:

Q And those others -- all right.

A I guess what I am -- anyone with any basic computer sense, meaning you know how to use a terminal, how to put it on, and know all the other restrictions on it, you should have some ability, if he knows all these other things to do -- you know, to get into a file. [redacted]

Q To your knowledge---

A To my knowledge, he did not know those things.

Q He had the basic computer expertise, but didn't know the specifics to get into the system, as far as you know?

A That is right.

Q Would the same be true of Oliver North? If you don't know his computer background, don't answer it?

A I don't know his computer background. I just know that staff was trained on how to use Display Writers.

Q And the staff---

A And the VAX machines by WHCA personnel.

MR. McGRATH: We can stipulate that Ollie did know how to use the PROF system.

MR. ROSTOW: But that he couldn't spell.

BY MR. CAROME:

Q Did you, during the course of your work at the NSC, come to know Oliver North?

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A Yes.

Q Did you know him well?

A I thought I knew him okay. Not socially.

Q Did you see him on a daily basis at work?

A No. Maybe every other day. Just in the course of -- maybe business or walking down the hall, or something like that.

Q Where was his office in November 1986, with respect to your office? How close was it?

A His office was in room 302, which is somewhat -- an adjacent office around the corner.

MR. ROSTOW: 302 is not in any way connected with room 300; is that right?

THE WITNESS: There is no physical connection between them. You have to exit one door and go in through another door.

BY MR. CAROME:

Q Did you have any conversation with him about his System IV documents in November 1986?

A No. Not that I can recall. No.

Q Did you, during the course of your work at the NSC, come to know John Poindexter?

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A Yes.

Q Did you come to know him well?

A Not socially, but pretty well, I thought.

Q Did you have regular contact with him at work?

A When I was West Wing desk coordinator, he was the one that really said he wanted me over in that position and I was able to go directly to him if I wanted to on any issue.

Q During November 1986, did you have any contact with Poindexter?

A Other than routine things, which means if I was walking upstairs and -- delivering a memo, memos, things like that. But not in the context I think you are meaning.

Q Did you have any talks with him in November 1986, about System IV documents or System IV data base or accessing original documents or anything like that?

A No.

Q Were you aware at any time in November 1986, of any attempts by anyone to clean up the files at the NSC in terms of shredding documents, destroying documents, altering documents?

A No. And I specifically addressed this to altering documents. The destruction and shredding of documents in all the staff was a routine thing. I mean I destroyed and shredded documents as a routine part of my job.

Q Were you aware of any shredding with increased intensity going on in November 1986?

A I wasn't aware of such a thing, no.

Q I don't have copy of it here, but are you aware of the one memorandum which we have referred to many times in our committee's hearings, that is often referred to as the diversion memorandum, which refers to the diversion of funds from the Iranian arms sales to the Nicaraguan Resistance.

Q I am aware of it, yes.

A And putting aside the fact that there may be slightly different versions of that document, are you aware of any other documents, NSC documents, that refer to the diversion of funds from the Iranian arms sales to the Nicaraguan contras?

A No, I am not.

Q You don't recall ever seeing any such documents?

A No, I do not.

MR. McGRATH: The so-called diversion memo, were you aware of that prior to November 25, 1986?

THE WITNESS: It was in the Tower Board, I believe.

MR. McGRATH: November '86?

BY MR. CAROME:

Q When did you first become aware of the diversion memorandum?

A I can't give you a precise date. I believe something in the Tower Board report. I also -- we may have -- I mean, when we did the search, we may have found such a memo.

Q Were you aware of it at any time prior to, to pick a date, November 25, 1986?

A No. I would be aware of it bascially only in the course of the investigation effort that we made to find stuff. That was how I was aware of it.

MR. CAROME: Let's go off the record for a second.

(Discussion off the record.)

MR. CAROME: Let's go back on the record.

I don't have any further questions. I want to thank you very much for talking to us yesterday and then talking to us today on the record.

MR. ROSTOW: I would just like to make an observatio for the record. That the diversion memo is printed in full in the Tower Board in Appendix B and that the copy from which that version was taken does not contain a system number of any kind.

MR. McGRATH: I would like to note that Mr. Merchant appeared here today voluntarily, that he was interviewed at length by members of the Senate Select Committee staff in the spring of this year, that yesterday he met for approximately two and half to three hours with members of this committee and the Senate Committee staff in order to be cooperative with the committee's efforts to get to the bottom of the System IV and the existence of other memoranda.

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-- Thank you.

MR. CAROME: Thank you very much.

Off the record.

(Whereupon, at 3:37 p.m., the deposition was concluded.)

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Deposition Exhibit 1
(Part)

25 Pages
1984 System II Logs

DENIED IN
TOTAL

5458

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Deposition Exhibit 1
(Part)

UNCLASSIFIED

27 Pages
1985 System IV Logs

DENIED IN
TOTAL

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UNCLASSIFIED

Deposition Exhibit 1
(Part)

4 Pages
1186 System IV Logs

DENIED IN
TOTAL

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WASHINGTON

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Declassified/Released on 7 May 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

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WASHINGTON

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under provisions of E.O. 12356
by B. Reger, National Security Council

NOV 21 1986

All originals attached except 401214. According to computer, all cys of 401214 were destroyed. Please return these originals to me when you have finished.

Brian

[illegible] back to Ollie North

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NOV 25 1986

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TRANSCRIPT OF PROCEEDINGS

HSIC 015 /87

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UNITED STATES SENATE

SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF PHILIP HOWARD MEO

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Partially Declassified/Released on 12-21-87
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by N. Menan, National Security Council

Washington, D. C.

Tuesday, March 31, 1987

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UNITED STATES SENATE

SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF PHILIP HOWARD MEO

Washington, D. C.

Tuesday, March 31, 1987

Deposition of PHILIP HOWARD MEO, called for examination pursuant to notice of deposition, at the offices of the Select Committee, Room 901, Hart Senate Office Building, at 9:07 a.m. before WENDY S. COX, a Notary Public within and for the District of Columbia, when were present:

JAMES E. KAPLAN, ESQ.
W. THOMAS McGOUGH, JR., ESQ.
LAWRENCE R. EMBREY, SR., ESQ.
United States Senate Select
Committee on Secret Military
Assistance to Iran and the
Nicaraguan Opposition
Room 901
Hart Senate Office Building
Washington, D. C.

THOMAS FRYMAN, ESQ.
KENNETH R. BUCK, ESQ.
House Select Committee
U.S. Capitol
Room H-419
Washington, D. C. 20515

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PROCEEDINGS

Whereupon,

PHILIP HOWARD MEO

was called as a witness and, having first been duly sworn, was examined and testified as follows:

EXAMINATION

BY MR. KAPLAN:

Q Good morning. Mr. Meo ~~Howard~~, my name is James E. JK Kaplan. I represent the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. As we discussed a bit earlier, you are appearing here today pursuant to a ~~public~~ subpoena issued by our committee for JK your testimony; ~~in connection with that subpoena,~~ you have JK produced documents or a document that is responsive and represented that you don't have any other documents in your possession, custody or control that would be responsive to that subpoena.

I will be initially asking questions today. As you know, Tom Fryman from the House Select Committee is here and may have a few questions to ask you when my inquiry is complete.

If you don't understand any question, or if you want me to clarify any of the wording that I use or otherwise, please feel free to ask me. I note for the record that you are appearing here today without counsel, and that is by your own choice.

A Right.

Q Is that correct?

A Yes.

Q Could you please state your name for the record.

A Philip Howard Meo.

Q Your home address, Mr. Meo?

A [redacted]

privacy

Q Do you have a business address?

A 824 East Baltimore Street, Baltimore, Maryland 20212.

Q With whom are you employed?

A Agora Publishing Company.

Q What kinds of duties do you perform?

A I am a graphic artist.

Q Could you describe your post-secondary education?

A As college? I have had one year at the Art Institute of Philadelphia. I was there for a year and four months studying commercial and advertising art; and before that time, I just took various college courses in art since high school.

Q Any post-secondary education beyond that?

A Not complete college.

Q What were your dates of attendance at the Philadelphia Art Institute?

A October 1, 1985, to September of 1986.

Q Did you obtain a degree?

A Yes.

Q What was that degree?

A Commercial art technician degree.

Q I am going to switch now to your employment with the Channell organization, C-h-a-n-n-e-l-l; when were you hired by Mr. Channell?

A Well, I wasn't hired by Mr. Channell. I was hired by Mr. McMahon, Steve McMahon, who works for Mr. Channell as a CPA. I started with the Channell Corporation in January, the end of January of '86.

Q Who was your actual employer?

A Steve McMahon was my actual employer.

Q From whom did you receive paychecks?

A Through NEPL.

Q NEPL stands for?

A The National Endowment for the Preservation of Liberty.

Q How long were you employed with the National Endowment for the Preservation of Liberty?

A From November 1986.

Q What position were you employed?

A I was assistant bookkeeper. I was sort of Steve McMahon's right-hand man. He needed someone to help him with the books, the pay books and the ledgers, and fundraising information.

Q How did you find out about the job opening?

A He called me when I lived in Philadelphia. We spoke over the phone. I didn't have any job lined up on graduation of school, and he mentioned to me he might have a job opening with Spitz. I thought about it and called him back and told him I was interested. I just needed a job. That is how I got involved.

Q Just to clarify for the record, could you state the full name of "Spitz"?

A Carl R. Channell.

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Q I take it you knew Mr. McMahon before?

A Yes, I have known Steve for about five years.

Q Could you describe your responsibilities at NEPL?

A To handle cash disbursements, invoices, to draw checks, to handle fundraising checks and log them, and just basic bookkeeping.

Q In the course of your duties, did you also balance monthly bank statements?

A No, Steve was responsible for that.

Q Did you handle account transfers with financial institutions?

A Yes.

Q Did you handle the payroll?

A Yes. Steve and I did that together, but I did payroll checks.

Q You mentioned that you logged in contributions?

A Right.

Q Did you also deposit receipts or contributions?

A Yes.

Q Into various bank accounts?

A Into Palmer National Bank.

Q Did you pay bills on behalf of NEPL?

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A Yes.

Q How do you know Mr. McMahon?

A I have known Mr. McMahon since he lived in Baltimore before he moved to Washington. I met him through a circle of my friends.

Q Were there other people with whom you worked closely at NEPL?

A Well, Steve was the closest person I worked with, except for like Jane McLaughlin, we were real good friends, and Angela Davis, who is Spitz's secretary, we were all very close friends.

Q Do you maintain contact with Mr. McMahon?

A No, no.

Q When did that contact break?

A Well, actually, it broke after I had left Spitz's place of employment. After I left there, I was busy looking for other employment, and since the newspaper article popped up, since the newspaper article I saw came to print, I was really angered.

Q Which newspaper article are you referring to?

A That was the Sun Paper. I think it ran March 15.

Q In between the time that you terminated employment

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with the Channell groups and this March 15 newspaper article, had you kept in contact with Mr. McMahon during that period?

A No, no.

Q Had you kept in contact with Ms. McLaughlin since the time you terminated?

A No.

Q What about Angela Davis?

A No.

Q Is there anyone with whom you were employed at NEPL that you have remained in contact since your termination at NEPL?

A No, sir.

Q What was the reason for your termination?

A There was a change in their management system. They wanted to hire a CPA with a degree, and I wasn't a registered CPA. I was just someone to help balance the books. That was the reason for the letter I showed you.

MR. KAPLAN: For the record, the letter to which Mr. Meo just referred is the letter that he produced in response to the Senate and House subpoenas. It is a June 2, 1986 letter, purportedly from Stephen M. McMahon to Mr. Meo. We might as well have that marked as Deposition Exhibit 1.

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(Deposition Exhibit 1 identified.)

BY MR. KAPLAN:

Q Mr. Meo, you stated a bit earlier that you terminated employment with Mr. Channell's organization in September?

A Yes.

Q This letter, which purports to be a letter of thanks and recommendation, essentially, from Mr. McMahon, is dated, as I stated a moment earlier, June 2, 1986.

A Yes.

Q Can you just explain for us what prompted this letter?

A Right.

Q And how, the time gap between the date of this letter and your termination?

A Steve wrote the letter in my presence at his home. After that time, until September, he told me I could stay on until I found other employment. So that was the time gap. I was trying to gain other employment. They were looking for a replacement in between that gap.

Q Now, I also believe that you testified a little earlier that you attended school from October 1985 until

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September 1986.

A Or was it '84. I think it was '84, yes.

Q Were you employed with NEPL at the same time you were in attendance at school?

A No. I had moved back to Philadelphia in the beginning of January and started with them at the end of the month.

Q So then I take it that that school preceded your employment with NEPL?

A Right.

Q And that you concluded your studies prior to your employment with NEPL?

A Well, I had gone to school first and then joined NEPL.

Q You mentioned that Mr. McMahon wrote this letter while he was at home. Did he commonly keep National Endowment for the Preservation of Liberty stationery at his home?

A I believe so.

Q How many bank accounts did NEPL have, to your knowledge?

A I believe there were either 12 or 13 accounts.

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Q In which financial institutions were those accounts maintained?

A The majority of them were at Palmer, and I think one or two of them were at Riggs National Bank.

Q Did NEPL maintain any accounts at E.F. Hutton?

A Yes. We had an E.F. Hutton -- I believe it was Money Manager, some kind of account with them, and a lot of times funds were wired from E.F. Hutton into Palmer or Palmer accounts.

Q Was the E.F. Hutton account in Washington, D.C.?

A Yes, from my knowledge, yes.

Q . What would be the reason for having to wire funds from the E.F. Hutton account into a Palmer National Bank account also in the same city?

A If funds were low in our Palmer account, we would call E.F. Hutton and find out stock information and how much the stock would be worth, and they would take care of wiring money to cover, like, our expenses, that would be paid out of our Palmer account. They would make deposits into the Palmer bank to cover our checks.

Q When you say "the Palmer account," is there one particular account to which you are referring?

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A Primarily it was the general NEPL account that we would pay bills out of.

Q Do you recall the account number or any special designation for that account?

A No, I don't.

Q How was that account designated on the internal accounting records or ledger sheets of the organization?

A It was just the National Endowment for the Preservation of Liberty. That was it, the general account.

Q · You described earlier that part of your responsibilities was making deposits into various bank accounts?

A Right, right.

Q Can you describe how deposits were handled?

A Yes. When we got fundraising money, the fundraisers would receive from their contributors, the checks were given to me and my superior, either Dan Conrad or our treasurer, Cliff Smith, would either tell me what account these checks were for, what project they were for, and we had different deposit tickets for each account, and they were separated into different deposits. That's how that was handled.

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Q You mentioned earlier that Steve McMahon was your principal supervisor at NEPL.

A Right.

Q Did you also respond to directions or instructions given by Mr. Conrad?

A Yes, yes.

Q Mr. Smith as well?

A Yes.

Q What kinds of instructions would Mr. Conrad or Mr. Smith normally give you?

A Usually -- well, Dan Conrad was the guy, he would run the ship when Spitz wasn't in the office. This was over on Capitol Hill in our old office. I took instructions from Dan, who was my immediate supervisor, specially when Steve wasn't in the office, I spoke to Dan. If I had any problems I would go to Dan, and if he wasn't available I would go to Steve. I would call him via phone to his home.

Q Did you have occasion to deal directly with Mr. Channell himself?

A No, not that much. I think the whole time I was there, I only spoke to Spitz either two or three times.

Q So, correct me if I am wrong, contributions would

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come in pursuant to fundraisers?

A Right.

Q Requests?

A Right.

Q And then NEPL would receive the contributions?

A Yes.

Q Either Mr. Conrad or Mr. Smith would designate to which accounts those contributions were to be deposited?

A Yes, also the fundraisers would too. They would tell me what checks are to be filtered into what account.

Q Which fundraisers are you referring to?

A To Jane McLaughlin and Chris Littledale.

Q Is it your understanding that the fundraisers made their own determinations as to which accounts contributions would be funneled into?

A I think that was up to Spitz and Dan. I really think that was up to them.

Q Is it fair to say then that it's your understanding that the ultimate destination of any contribution was decided by Mr. Channell or Mr. Conrad?

A I am sure, I am almost sure.

Q Did Mr. McMahon ever decide the destination or

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deposit of any particular contribution?

A If we had questions about what account a check should be placed into, he would take it up with either Dan or Spitz. My job was just to make deposits into those accounts.

Q In your experience at NEPL, were all deposits attributable to contributions?

A Maybe once or twice we would get refunds from a company for overpayment or something like that. But the majority of the deposits were contributions.

Q To your knowledge, did you handle all deposits?

A The majority of them, yes.

Q When you say the majority of them, are there some that you might not have handled?

A Well, I am really not sure about this, but I am sure maybe once in a while Steve would make a deposit or Cliff would make a deposit at the bank. But I would say maybe 95 percent of the time, I would go and make the deposits at Palmer.

Q Did you ever see the monthly statements for these checking accounts?

A I saw the monthly statements, but I didn't balance them, as I said earlier.

Q So it is possible that there were deposits that were made that you wouldn't have known about?

A Probably, yes.

Q Other than wire transfers from the E.F. Hutton accounts into the Palmer National Bank accounts, were there any other wire transfers into the Palmer National Bank accounts of which you are aware?

A Not from the outside. There were transfers made within the Palmer accounts from account to account through the bank.

Q Who would direct that those transfers be made?

A Either Steve or myself.

Q What would instigate a wire transfer being made from one internal account to another internal account?

A Lack of funds in an account that we had to -- if we had written a check on an account, that wouldn't have -- the funds wouldn't have covered, then we would make the transfer from account to account.

Q Did you have authority to make those transfers?

A Yes. A letter, I believe, was sent to Palmer Bank from Dan Conrad giving me the authority to do so.

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Q Did you have to check with someone before you made those transfers?

A No, I didn't really have to tell anyone. Usually, if there was a transfer to be made, Angela would tell me when I got to work. Every once in a while Dan would come in and tell me we need a transfer or just make a transfer. That's how that was handled.

Q And then the ones that you figured on your own, when you made the transfer, would you report to someone after the fact that you had made that transfer?

A It was logged in the book, and I would have a receipt from the bank backing up the transfer, and Steve would be notified.

Q What would constitute being low in an account?

A From paying invoices and bills. That was the big reason. We had a lot of bills that we paid every month.

Q What kinds of bills were the big ticket items?

A I think the biggest would be consultation fees from different companies.

Q Can you describe some of those consultation fees and to which companies?

A We had a lot of -- oh, okay. One monthly bill was

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from IBC.. Another one was from Curt Herdge & Associates, who were attorneys for NEPL. They used to prepare reports every month for each account, and utility bills and so forth.

Q Would you just describe for the record what IBC stands for?

A International Business Communications.

Q What kind of monthly fees would go to International Business Communications?

A I can't give you a definite ballpark figure, but it had to be at least over $1000 a month.

Q Why were there 12 or 13 different accounts in the Palmer National Bank?

A Each account stood for a project, to my knowledge. We had the National Endowment for Preservation of Liberty general accounts, the ~~patent~~ Patton accounts, each account was in this case named for, I believe, a contributor. Then we had an ATAC SEF account, ATAC FED state election fund and federal election fund.

Q What is ATAC, for the record?

A I think it was a project. I wasn't really sure ATAC was a project.

Q Could that have stood for the Antiterrorism Committee of

America account?

A Yes. We had ACT account, American Conservative Trust, state election fund and federal election fund account, and a Sentinel account, and I think I am leaving out a few accounts, but I couldn't remember all 13.

Q So I take it for the most part, there were accounts for each of the different Channell organizations?

A Right.

Q Is it fair to say that for the National Endowment for the Preservation of Liberty, there was more than one account?

A Right.

Q What was the Riggs account? You referred to the Riggs National Bank account earlier?

A Spitz had an account called the Channell Corporation account with Riggs, and money in it was like $39. It never grew. It was just collecting dust in a drawer.

Q Was there any activity in that account during your tenure at the National Endowment for the Preservation of Liberty?

A When I started in January, until the time I left, I think one or two checks were written out of it. I don't know what the checks were, but we had issued a couple of checks out of that account.

Q How were checks or disbursements from the accounts handled?

A Paying invoices?

Q Yes.

A The invoices I would receive every month. I would hand them over to Dan. He would look over the invoices. I would draw checks out for each invoice, and he would sign on the checks, and I would mail them and keep a copy of the invoice for our records.

Q Were checks or disbursements always made pursuant to an invoice?

A Usually, usually.

Q Were there any checks or disbursements to payees that you didn't recognize?

A Every once in a while, I would get an invoice for something that was foreign, to my knowledge, and I would hand that over to Dan for his instructions.

Q Was it a payment to a foreign source or a source of which you were not previously aware?

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A Right.

Q What is it?

A Just an invoice from a company here in Washington.

Q Were there any wire transfers from the Palmer National Bank or E.F. Hutton account other than to other Channell-related accounts?

A Every once in a while a contributor would make a wire into one of our accounts. We are talking maybe a large sum of money from a company that a contributor would own. That's to my knowledge.

Q Do you recall any of the specific wires?

A I can't remember the names of the company, but there were maybe three or four in the time that I worked for Spitz that we got -- the bank would call me, a girl by the name of Kathleen that worked in the wire transfer department would call me and let me know that there was a wire, we will receive into a certain account, and I would get a receipt from the bank the next day.

Q Do you remember Kathleen's last name?

A No, I don't.

Q She was at Palmer National Bank?

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A Yes.

Q Did Mr. Channell have a special banking account?

A Other than his Channell Corporation account with Riggs, I am really not sure if we had a personal account.

Q Was an account maintained for something that was referred to as the Toys project?

A Yes. That name was also directed to the NEPL number 2 account or the patent account.

Q What was the Toys project?

A The Toys project, from what I have been told, was for guns and ammunition.

Q Who told you that?

A Steve McMahon made a statement to me when I first started in January, and later on, I believe it was in the early or late spring or early summer, by Chris Littledale.

Q Did Mr. McMahon volunteer that information to you?

A Well, we were going over the accounts when I first started, and he told me that this number 2 account, which is also the ~~patent~~ Patton account, is also for Toys, Toys account, JH which stands for guns and ammunition.

Q Did he describe guns and ammunition for whom?

A That was it. That was left at that. That's all he said.

Q Had you ever come to an understanding yourself as to for whom the guns and ammunition were to be purchased?

A No.

Q Do you remember when Mr. Littledale spoke with you about this ~~[illegible]~~ meaning for the Toys project?

A Right. As I said earlier, in the span of time, maybe the early or late spring or summer, Chris would sit at my desk, before I would get to work at 10:00. I found some papers belonging to him and a defense magazine with pictures of ammunition, airplanes, tanks. It was like a catalog or defense magazine. I don't remember the name.

But I came into work and I looked at it. After looking at the magazine, Chris came into our office, which at that time was a kitchen, believe it or not, and I handed him his papers back, and, you know, I said, Chris here is your magazine. I can't remember the statement that I made, but he answered me -- he replied, "that's what we are raising money for," in reference to this magazine. I can't remember what I said to him though.

Q Were you told why the project was referred to as the Toys project?

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A I don't know why.

Q Did you discuss the designation of the Toys project with anyone else?

A No.

Q Anyone else at the National Endowment for the Preservation of Liberty?

A No.

Q Did you ever hear anyone else discuss any project referred to as Toys?

A The only time the word "Toys" was brought up is the instance when Jane McLaughlin gave me a check to be deposited into the Toys account, and Chris Littledale also had a check for the same account, and that was it.

Q Who else in the office would be familiar with the Toys designation for that project?

A I am sure all the fundraisers would be.

Q By "all the fundraisers," can you give us a list?

A There were a few people that were new when I left. But the primary people, Jane McLaughlin, Chris Littledale, Cliff Smith, was also a fundraiser, but he was also a treasurer. I am sure the fundraisers, all of them would know, plus my superiors, Dan, and, of course, Spitz.

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Q When you had this discussion with Mr. Littledale, you mentioned that he made a reference to this magazine.

A Right.

Q That you had found on your desk?

A Right.

Q He said, "that's what we are raising money for"; is that correct?

A Yes.

Q Could you again describe which magazine he was referring to?

A It was some kind of magazine called "defense" something. I remember the word "defense." The magazine showed you pictures of tanks, warfare, ammunition.

Q Had you flipped through the magazine so you knew what kinds of pictures were in it?

A Yes, I looked through it. I looked through the whole magazine.

Q Just a point of clarification, it was your understanding that what Mr. Littledale was telling you, I take it, is that you weren't raising funds to purchase a subscription to the magazine?

A No, sir. This -- I knew at that time that the

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magazine had to deal with the Toys account.

Q So, is it fair to say then that you underst~~and~~ood ~~that~~ Mr. Littledale to be telling you that NEPL was raising funds to purchase the products that were shown in the magazine?

A Maybe not necessarily in that magazine, but I think his remark was, in general, for any kind of ammunition or warfare.

Q Beyond what you have told us already, do you know how monies were designated to the Toys project or to be deposited into an account dedicated to the Toys project?

A Yes. Fundraisers would let me know what account checks were for. Usually, if they were involved with a project, we would receive all of the monies at one time.

Q What kinds of -- what amounts of money were designated for the Toys project?

A All kinds.

Q Can you give us a ballpark figure over time?

A That's really difficult for me to do. I do know that, if this will help you, if you have heard the name of Ellen Garwood, a check from her, a personal check would come in from her; Barbara Newington was another check that was

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real familiar with me.

Q Is it your understanding that the contributions from Mrs. Garwood and Mrs. Newington were designated for use in the Toys project?

A I remember their checks going into that account. Another person who gave his money was Mr. Claggett, if that name rings a bell with you.

Q Yes.

A His check would also go in the Toys accounts.

Q By Toys account, you are referring to which account?

A The ~~patent~~ Patton number 2 account or the NEPL number 2 JL account. They all mean the same thing.

Q Did any money go into the NEPL number 2 account or the ~~patent~~ Patton number 2 account which was not spent for the Toys JL project?

A Usually, again, as I mentioned before, if funds were running low in that account, we would make a transfer of funds from another account to cover checks written into that book.

Q Is it fair to say that everything that went into that account was used for the Toys project, to your knowledge?

A From contributors's checks, yes.

Q And how was money spent or disbursed from that account?

A Usually, if we ran low in our general NEPL account, then I would be advised, probably by Dan, he really gave me a lot of instructions about bank books. He would just come to me and say, well, just write checks out of an account that we have money in to cover our invoices. So, you know, since we had so much money in the Toys account, I would issue checks out of that account to pay invoices.

Q After money went into this Toys account, to whom were checks primarily written, and in particular?

A Just regular businesses that we dealt with.

Q Now, I may not be making myself very clear. As I understand it, we have got a lot of money coming from contributions that's being designated for the Toys project and deposited into a particular account at the Palmer National Bank.

A Right.

Q Is that correct?

A Yes.

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Q You testified a couple minutes earlier that it's your understanding that the Toys project referred to funds that were received that were to be used for the purchase of guns and ammunition.

A Right.

Q What I am trying to understand is once the money went into the account designated for the Toys project, where did that money go to carry out the purpose of purchasing guns and ammunition?

A Sir, I have no idea, but I do remember an instance that a check was written out of the Toys account made payable to IBC for $1,250,000.

Q Do you recall when that check was written?

A It was sometime in May. I am not sure of the date, but it was sometime in May, and the order was given to me by Dan Conrad. It was like, very hurried, came in to me, we need this check, if you have to make a transfer from E.F. Hutton, whatever, do it, because we need the check right away. I remember making the check out. I typed it and then handed him the check, and that was that.

Q Were there funds in the account to cover the check?

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A I had to make a transfer.

Q Where did the transfer come from?

A I believe the transfer came from E.F. Hutton.

Q Is it fair to say that most of the money that was disbursed or spent from the account designated for the Toys project went to IBC during your tenure at NEPL?

A Well, usually, IBC was paid out of our general account. That instance, that was the only time I can recall a check being drawn out of the Toys account for IBC.

Q When this $1,250,000 check was written, did Mr. Conrad say anything to you about the purpose of the check?

A No.

Q Did you ask him --

A No.

Q -- about the purpose of the check?

A No.

Q Was the amount of the check out of line with other checks that you had written during your time at NEPL?

A It was a great deal of money. After he had taken the check, he left on vacation. He was in San Francisco for a week. I had no way of getting in contact with him. Steve

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knew about the check also, and I think Steve wanted to do a follow-up pay stub to support what information -- what was the check for. You know, we would try to get information on checks that were written, what was it for; and I really don't think we got the information. I know Steve wanted to try to check up on it, but I don't know if he got the information or not.

Q What kind of information would Steve have wanted to get?

A Probably a statement from Dan about the purpose of the check, and he would usually -- Steve would usually jot down things on the check stub of what the check was for, and Steve would know what checks were for.

Q To clarify the record, when we refer to Steve, we are talking about Mr. McMahon?

A Mr. McMahon, right.

Q Did you discuss the $1.25 million check with Mr. McMahon?

A No.

Q Do you know if Mr. McMahon ever discussed it with Mr. Conrad?

A I am really not sure.

Q Was the information that Mr. McMahon wanted to get about the check ever received from Mr. Conrad?

A I don't know that either, sir.

Q During your time at NFPL, did you have any contacts with Lieutenant Colonel Oliver North?

A No, sir.

Q Were you aware of contacts that others in the Channell organization might have had with Colonel North?

A Not to my knowledge.

Q Did anyone around the office ever refer to Colonel North?

A No, sir.

Q Are you aware of any code names that were used to refer to Colonel North?

A No.

Q Did you have any contacts with any other White House or National Security Council personnel during your time?

A No.

Q What about others in the Channell organization?

A As far as employees?

Q Yes.

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A Well, I had contact with the fundraisers, but just on, you know, a friendly basis. That was it.

Q I am sorry, I meant what about other people in the Channell organization having contact with any White House personnel or National Security Council personnel, to your knowledge.

A To my knowledge, Spitz spoke to President Reagan at one time. They were on the phone in the office near Angela's desk. Maybe 15 or 20 minutes they were on the phone, and Spitz did not speak at the time.

Q Do you recall when that was?

A It was in our old office. I think that was probably early spring.

Q How did you know that Mr. Channell was speaking with the president?

A Because I heard people going, shhh, President Reagan is on the phone.

Q Do you know anything about the substance of that conversation?

A No, I don't.

Q Did anyone in the organization ever talk about the conversation after it took place?

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A No, sir.

Q Who, if you can recall, was the person that told you that President Reagan was on the phone?

A I heard a couple of fundraisers near Angela's desk. We were all concentrated upstairs at the time. I think Jane had whispered to somebody else, and I overheard Jane say "it's President Reagan."

Q How would Jane -- by Jane, we are referring to Jane McLaughlin?

A Right.

Q How would Jane have known that the president was on the phone?

A I really don't know. Maybe she overheard Spitz or maybe Spitz told them that the president was going to call. I am really not sure.

Q Did you have any contacts with a Richard Miller during your time?

A I knew Richard Miller worked for IBC. A couple of times I had to do a little messenger errand to IBC with an envelope. The contents of the envelope are a mystery to me, but I remember Mr. Miller coming down the steps and taking the envelope from the receptionist at IBC. That's it. On

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several occasions, Mr. Miller would come to our office to meet with Spitz or Dan, but that's all I know.

Q Again, I hate to keep doing this, but by Spitz or Dan, we are talking about Mr. Channell and Mr. Conrad?

A Right.

Q Did you have any contacts with a Frances or Frank Gomez during your time at NEPL?

A No, sir.

Q Do you know if any other people in the Channell organized contacts with Mr. Gomez?

A Not to my knowledge. That name doesn't ring a bell with me.

Q Did you have any contacts with a David Fischer during your time at NEPL?

A For some reason that name rings a bell, but I can't place who he is with or who he works for. I remember the name. It's probably maybe an invoice that I have seen with his name on it, or whatever. It could be anything.

Q Do you recall whether Mr. Fischer was a consultant to NEPL during your time with the organization?

A It could be possible. Maybe that's why I recognize the name.

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Q If you will give me about a moment, I want to consult with my colleagues as to whether I have any further questions, and then Mr. Fryman may have some follow-up questions.

(Recess.)

MR. KAPLAN: If we could go back on the record.

BY MR. KAPLAN:

Q I have a few more questions. May I have the reporter mark as Deposition Exhibit Number 2 what purports to be a copy of a bank statement for the National Endowment for the Preservation of Liberty special account number 2. The statement is dated May 31, 1986.

(Deposition Exhibit 2 identified.)

BY MR. KAPLAN:

Q I am going to show you, Mr. Meo, a copy of that statement. As I read this statement, down toward the bottom, there is a check dated May 7, 1986, in the amount of $1,250,000.

A Yes.

Q Is that the check to which you referred in your testimony earlier?

A Yes, sir.

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Q Is this account, by designation and by account number, which is in the upper right-hand corner of the exhibit, the account to which you were referring earlier as the account dedicated to the Toys project?

A Yes, sir.

Q Is there any question in your mind about that?

A No.

Q The writing in the middle of the page, next to the miscellaneous credit designations, which indicates "E.F. Hutton" and then has some ditto marks underneath.

A Right.

Q Is that your handwriting?

A No, sir.

Q Do you recognize that handwriting?

A It would probably be Steve's.

Q Did you write every check that was written during your time at NEPL out of the NEPL accounts?

A Primarily, yes.

Q Were there any checks written either of which you were unaware or written by other people?

A Usually, every once in a while, we would come in, and sometimes checks would be missing from our general

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account. I don't remember any checks being missing from the number 2 account with no explanation on the stub, and then it would be like pulling teeth to try to get some information, where the check went, what it was for, how much it was for. They will just leave the stub completely blank.

Q Did you keep a running balance of the account?

A Yes.

Q How would you keep a running balance if there were checks missing, the amount of which the payee -- to which you are unaware?

A All of our balances, everything was computed on the computer screen. We had a system called the Lotus 1, 2, 3 accounting package. Usually, if I couldn't get the information to back up a check that would be missing, Steve would just raise hell about it. So we would get the information.

Q Were there times when you did get information about missing checks?

A Once in a while, yes. Sometimes Angela would need a check for, maybe, a messenger or something. She would just go and fill out the check, Dan would sign it and hand it over to somebody, messenger or something like that, and she would jot down the amount so I could enter it in the book.

Q Was there ever a time at which you did not receive information about a particular missing check?

A No, and if I didn't get information, I would go to Steve and leave that up to him.

Q Again, by Steve, you are talking about Mr. McMahon?

A Mr. McMahon.

Q Did Mr. McMahon always get information about missing checks?

A Usually.

Q Is there a particular time or instance that you can recall that adequate information wasn't received by either you or Mr. McMahon about a particular missing check?

A I wouldn't be able to tell you.

Q Who had physical custody of the checkbooks during your time at NEPL?

A Spitz, Mr. Channell, Mr. Conrad, and Mr. Smith -- Chris -- Cliff Smith, I am sorry, our treasurer.

Q Where were the checkbooks actually kept?

A In our office.

Q When you say our office, to whose office are you referring?

A Steve's office, Mr. McMahon's office, my desk.

Q What kinds of records were kept, financial records were kept in the organization?

A Steve kept a lot of tax information on hand. I believe they were taxes that pertained to Mr. Channell. We kept a file on all of our invoices and businesses that we dealt with. And our bank information there at the office.

Q Were accounting ledgers kept there?

A Yes. Usually, for the most part, sometimes Steve would have them in his -- at his home.

Q Why would Steve keep accounting ledgers at his home?

A I really don't know. Maybe to do some work in the ledgers.

Q Was Mr. McMahon employed full-time by NEPL?

A Yes, but he usually didn't come to the office. When we were in our old office on Capitol Hill, he would come to the office maybe three or four times a month to stop in and do some work. After we made the move to Pennsylvania Avenue, he was in the office every day. So was Spitz.

Q What was Mr. McMahon doing, to your knowledge, during the time that he wasn't in the Channell offices?

A He had other clients that he prepared taxes for.

Q Did he give up those other clients when the organization made its move to Pennsylvania Avenue?

A Not to my knowledge, because after we made the move to Pennsylvania Avenue, one of his clients came to our offices to discuss taxes with him.

MR. KAPLAN: I don't have any other questions. Mr. Fryman may have some additional questions. I want to thank you for your patience and your cooperation. You have been very helpful, and I appreciate it.

EXAMINATION

BY MR. FRYMAN:

Q Mr. Meo, I just have a few questions. First, however, I want to note for the record that prior to the deposition I gave you a copy of a subpoena of the House of Representatives which is dated March 30, 1987, and has been signed by the Chairman of the House Select Committee, Lee Hamilton. I explained to you that the seal of the Clerk of the House has not yet been affixed to the original subpoena, that that is in the process of being done, and you have agreed to accept the copy that I have presented to you in

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lieu of the original subpoena with the seal; is that correct?

A Right, yes.

Q Also, just for the record, I want to state that prior to the commencement of the deposition, I gave you a copy of the Rules of the House Select Committee.

A Yes.

Q And also a copy of the House Resolution Number 12 establishing the House Select Committee.

A Right.

Q Is that correct?

A Yes.

Q Now, just a few clarifying questions. You testified that you were employed by NEPL from January to September, 1986?

A Yes, sir.

Q Then you have produced a letter from Mr. McMahon dated June, 1986?

A Yes, sir.

Q Which refers to the quality of your work with the organization and other matters. Between June of 1986 and September of 1986, were you working on a regular basis in the

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NEPL offices?

A Yes, sir.

Q You were in the process of looking for another job at that time?

A Yes, sir.

Q Had you found another job by September 1986?

A Yes, sir.

Q What was that job?

A I worked for Columbia Publishing Company in Columbia, Maryland, for a short time, before going to Agora in Baltimore.

Q Did you move to Washington in January 1986?

A No, sir.

Q When did you move to Washington?

A I never moved to Washington. I commuted every day from [redacted]

privacy

Q When was the last occasion that you spoke to an employee of the Channell organization?

A Before I left the organization.

Q That would be before or --

A In September, in September.

Q You have not spoken to anyone else since Septembe

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of 1986?

A No, sir.

Q Have you spoken with any attorney for Mr. Channell or his organization?

A No, sir.

Q Now, you mention you had known Mr. McMahon before you accepted this job?

A Yes, sir.

Q Had you known Mr. Channell before you accepted the job?

A No, sir.

Q Now, on the accounting records maintained by NEPL, you had a checkbook which you maintained and drew checks on?

A Yes.

Q There were stubs in that checkbook; is that correct?

A Yes, sir.

Q As a general matter, you would complete the stubs when you drew a check?

A Yes, sir.

Q What other record would there be of a disbursement or a check withdrawal?

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A Well, before we went to the computer, we kept a spread sheet book of disbursements and check numbers for each account that Steve kept in his presence. I worked in the book, before we went over to computer, and when we did go to computer, as I mentioned before, we went to the Lotus system and everything was done on screen.

Q When did you go to computer?

A Sometime in the old office. I really couldn't give you a date. I would say maybe February we went to computer.

Q February of 1986?

A Yes.

Q So the spread sheets were maintained during your period of employment for approximately one month?

A Maybe one month, month and a half. But Steve had someone in his employ before I started that kept up these books, and I don't know who that person was.

Q Now, on the computer system, what was the mechanism on the computer system for keeping a memory of the transactions?

A Everything was done on disk, floppy disk.

Q What kind of computers were used?

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A Oh, gosh. I think we used an IBM personal computer.

Q Who maintained control of the disks?

A Dan had a big part to do with the computer system. I think he was responsible for the installation of computers. He had a really good knowledge of computers. He kept disks.

Q He kept the disks?

A Yes. Sometimes Steve would keep the disks also. He would have copies of those disks in his home.

Q Then for disbursements, I believe you testified that you would keep the invoice for each disbursement?

A Right.

Q How would they be maintained?

A We would make a Xerox of those invoices for our files.

Q Would they be maintained in a chronological fashion?

A Probably by alphabetical order, by company. Those files are at the office.

Q Now, you say you would make a copy. What would happen to the original invoice?

A The original would be sent with the check to the company. For business.

Q Now, apart from the check stubs and the copies of invoices and the spread sheets for the initial period of 1986, and the computer records maintained on the floppy disks, what other financial records would have been maintained in the NEPL organization?

A I think Steve would compile a list or a summary of activity on a monthly basis, for Spitz. And, to my knowledge, that's all I know about any kind of statements or anything else besides the computer and the spread sheets.

Q What information would be on this monthly list?

A It would be similar to a bank statement, how much money would go out to businesses and how much money the organization would receive from businesses. If we had refunds from businesses, money we were receiving from contributors, so on and so forth for each account.

Q Would this statement identify the contributor?

A Yes.

Q Would it identify the recipient of a check drawn on a NEPL account?

A Usually. Steve would use contributors' list names on a summary sheet for Spitz.

Q Do you know how he made up these lists?

A It was all done on computer.

Q Who made the inputs of information to the computer?

A Steve and myself.

Q Anyone else?

A Not to my knowledge.

Q Now, was the word "Toys" used in any of these information inputs into the computer?

A Usually two words were used, "Toys" plus "account number 2."

Q Were both of those phrases used for each transaction that related to that account?

A Yes, sir.

Q What was the reason for using both?

A So we could identify what monies went into that account when we logged all of this on a computer screen.

Q But why was it necessary to use both phrases to identify the monies?

A I really don't know. I really don't know.

Q What other sorts of information were inputted into

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the computer?

A We had our payroll information on computer. What else. I think, before I left, Steve was trying to work out something like this for the bank statement on our computer. So he could go ahead and balance the books and see if the two figures would match.

Q When you say "something like this," you are referring to Deposition Exhibit 2?

A Right. We had also, on the screen, a balance sheet by accounts. If checks were written on a day, they would be entered in on the screen and the screen would automatically tally a bank balance for us, and the two figures would have to match with the book. If there was an error, we would have to go back and find the error. It was just basic bookkeeping procedure.

Q In the check stubs for checks that were drawn, you would write a purpose for the check?

A Right.

Q Would that purpose be transferred also to the computer?

A Usually, yes.

Q I believe you said there were copies of the

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computer disks?

A Yes. Steve had copies in his possession. He kept copies at work. He had a copy at work and a copy at his home. He had his own computer system at home also.

Q What was the total number of copies of the disks, as you understand it?

A I think it was only one copy that I have seen.

Q So the original disk plus one copy?

A Yes.

Q Is it your understanding that the copy was at Mr. McMahon's home?

A Yes, sir.

Q And the original was maintained in the office?

A Right.

Q Who maintained custody of that again?

A It was just in our office, in a disk box.

MR. FRYMAN: I have no further questions, Mr. Meo.

THE WITNESS: Okay.

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(Whereupon, at 10:25 a.m., the deposition was concluded.)

PHILIP HOWARD MEO

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CERTIFICATE OF NOTARY PUBLIC & REPORTER

I, WENDY S. COX, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of the action.

Wendy S Cox

Notary Public in and for the
DISTRICT OF COLUMBIA

My Commission Expires
November 14, 1987

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DEPOSITION OF ARTHUR J. MILLER

Wednesday, February 4, 1987

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House of Representatives,
Select Committee to Investigate
Covert Arms Transactions with
Iran,
Washington, D.C.

The select committee met, pursuant to call, at 9:15 a.m., in Room 2255, Rayburn House Office Building, W. Neil Eggleston, Special Deputy Chief Counsel to the Select Committee, presiding. Also present: George Van Cleve, [redacted] Republican Chief Counsel and Joseph Baio, Counsel for Arthur J. Miller.

4123

Partially Declassified/Released on 4 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

Whereupon,

ARTHUR J. MILLER,

having been called for examination by counsel for the select committee, and having been previously duly sworn by a Notary Public, was examined and continued to testify as follows:

EXAMINATION BY COUNSEL FOR THE SELECT COMMITTEE:

BY MR. EGGLESTON:

Q My name is Neil Eggleston. I am Deputy Chief Counsel of the House Select Committee to investigate covert arms transactions with Iran. To my left is Mr. George Van Cleve, who is Chief Counsel--

MR. VAN CLEVE: Deputy Republican Counsel.

MR. EGGLESTON: Deputy Republican Counsel.

BY MR. EGGLESTON:

Q Mr. Miller, also present with you here today is your attorney, Joe Baio, with the firm of Wilkie Farr & Gallagher; is that correct?

A Yes.

Q As you may have been advised, the House Select Committee is investigating various transactions involving the sales of arms to Iran and also as part of its mandate-- its mandate is much larger than this, it includes funding of the contras i[redacted] and that is the purpose of this investigation.

You are appearing today pursuant to a subpoena duces tecum issued by that committee. We appreciate your attendance here today.

Let me just tell you at the outset, before I begin to ask you questions, if there are any questions that for any reason you don't understand or don't make sense to you, or my terminology is imprecise, which it may well be in this area, and as a result of imprecise terminology you don't understand my question, just ask me to rephrase it and I will glad to do it. If at any time you need to consult with counsel before you answer a question you are welcome to do that as well.

Let me just tell you for your information generally how I am going to proceed with the deposition. I am going to ask you a few brief questions about yourself and your involvement with the corporation Triad America.

I will ask you some questions about Triad America and its various companies. And you have produced pursuant to the subpoena various documents. I intend to ask you various questions about the documents. I have been through the documents, Mr. Van Cleve and I both have gone through the documents that you have produced, and selected various documents we will ask you about specifically.

I think what I will do, although this is a little different from my usual practice, I think at the end of the deposition I am going to take you through the deposition and ask you about the document production to just insure you or the corporation have complied with the subpoena duces tecum. Do you understand?

. A No.

. Q Mr. Miller, how old are you? I usually start with easy ones.

. A I am either 41 or 42. I think I am 41.

. Q Do you remember your date of birth?

. A Yes, I do.

. Q What is your date of birth?

. A [redacted]

. Q Where were you born?

. A In New York.

. Q New York City?

. A Queens.

. Q If you would just tell me very briefly about your educational background, I would appreciate it.

. A I have got a B.A., Bachelor of Arts, from the University of Utah and I got a Master's Degree and M.B.A. from the University of Virginia.

. Q Where did you go to high school?

. A Bountiful, Utah.

. Q You were born in Queens and there was a time you and your family moved to Utah?

. A Yes.

. Q How old were you?

. A That was in 1947, and I was 12 years old.

. Q Where do you currently live, in Salt Lake City?

. A No.

. Q Where do you live now?

. A Bountiful, Utah.

. Q How far is Bountiful from Salt Lake City?

. A Approximately 10 miles north.

. Q Where are you currently employed?

. A I am currently employed in a company called Miller and Clark?

. Q What does that company do?

. A It is a consulting company. It does accounting work and other consulting.

. Q Is the Miller in Miller and Clark you?

. A Yes.

. Q Who is Clark?

. A Steven K. Clark.

. Q How long have you been employed by Miller and Clark?

. A Eight months.

. Q Prior to the time that you were employed by Miller and Clark, whwere were you employed?

. A Triad Management Company.

. Q Where is Triad Management Company located?

. A Salt Lake City.

. Q Can you give us the address of Triad Management Company?

. A Yes. It is Suite 350, the number 5, Triad Center, Salt Lake City, Utah, 84180.

. Q Just so I don't forget, could you give me the address of Miller and Clark?

. A It is Suite 390, 5 Triad Center, Salt Lake City, Utah 84180.

. Q How long were you employed by Triad Management?

. A Approximately six years.

. Q Have you ever been employed by Triad American Corporation?

. A No.

. Q What does Triad Management Company do?

. A It provides management services.

. Q At the time you were employed by it, to whom or to what organization did it provide management services?

. A To Triad American Corporation and its subsidiaries.

. Q Were you an officer of Triad American Corporation?

. A Yes.

. Q What years were you an officer of Triad American Corporation?

. A 1983 through 1986.

. Q Did you receive a salary from Triad American Corporation?

. A No.

. Q What was your position from '83 to '86 with Triad American Corporation?

. A I was the senior vice president and chief finance officer. I was also the secretary.

. Q You were not employed by Triad American, you were employed by Triad Management Corporation.

. A That is correct.

. Q Who were the other employees of Triad Management Corporation?

. Well, let me ask it this way. How many employees were there of Triad Management Corporation?

. A Over the years there's probably been 200 to 300.

. Q Did Triad Management Corporation essentially comprise the top management of Triad American Corporation?

. A Not necessarily.

. Q I don't mean to be obtuse. I just want to know your relationship to the Triad American Corporation, and whether the other offices of the Triad American Corporation were also employed--

. A Some of them were.

. Q Some of them were and some of them weren't.

. A That is correct.

Q Prior to the time you were employed by or an officer with Triad American Corporation, where were you employed?

A I was with a company called Wycoff Company, Inc.

Q What was Wycoff's business?

A It is a regional trucking firm.

Q Where was it located?

A In Salt Lake City.

Q Did you work at Wycoff Company with any of the people with whom you also worked at Triad American Corporation?

A I think one other fellow worked for me at Triad American, excuse me, Triad Management Corporation, who also worked at Wycoff.

Q Was Wycoff purchased by Triad?

A No.

Q Did Wycoff--when I say Triad, Triad Management or Triad American Corporation, was Wycoff an affiliated company in any way with the Triad companies?

A no.

Q What years were you with Wycoff?

A 1979 through 1981.

Q Where were you between 1981 and 1983?

A I was with Triad Management Corporation.

Q What were your duties there when you were with

Triad Management Corporation?

. A I was vice president and the chief financial officer.

. Q Of Triad Management Corporation?

. A Yes.

. Q And from 1983 to 1986, what was your position with Triad Management Corporation?

. A I was vice president and chief financial officer.

. Q Did your duties change from after you became a senior officer of the Triad American Corporation?

. A No.

. Q I want to ask you some questions about the Triad American Corporation, and I am going to direct my questioning to the time primarily between 1983 and 1986, the years you were an officer of Triad American Corporation.

. Do you know who the shareholders in the Triad American Corporation were?

. A Yes.

. Q Who were they?

. A Triad International Corporation and Elk International Corporation.

. Q Do you know the percent ownership by each?

. A Yes.

. Q What was the percentage?

. A Triad International Corporation owns 80 percent of

Triad American Corporation and Elk international Corporation owns 20 percent of Triad American Corporation.

. Q What is the principle business of the Triad American Corporation, or what was it from 1983 to 1986?

. A Well, it had two major segments; one was the ownership and development of real estate properties and the other was the ownership and operation of an oil refinery in Southern California.

. Q The oil refinery in Southern California was that owned by a separate corporation or was it owned by Triad American Corporation?

. A Yes, a separate corporation.

. Q Do you remember the name of that?

. A Yes.

. Q What is that?

. A Edgington Oil Company, Inc.

. Q Did Triad American Corporation own 100 percent of the stock in the Edgington Oil Company?

. A No.

. Q Do you know the percent ownership, do you know who the shareholders of Edgington Oil were?

. A Yes.

. Q Who were they?

. A New Edge owned 100 percent of Edgington Oil Corporation.

Q And New Edge was a corporation?

A Yes.

Q Do you know who the shareholders of New Edge were?

A Yes.

Q Who were they?

A Triad International Corporation owned 100 percent of New Edge.

Q Do you know who owned the shares of Triad International Corporation?

A Yes.

A Who was that?

A Triad American Corporation.

Q I didn't take a complete note here. Elk referred to--

A Elk International Corporation.

Q Do you know who owned stock of the Elk International Corporation?

A No.

Q You do not know?

A No.

Q Do you know who the chief executive officer was of the Elk Corporation?

A No.

Q Do you know who any of the officers were?

A No.

. Q Do you know who any of the directors were?

. A No.

. Q Do you know where Elk International Corporation is located?

. A No.

. Q Did you have any dealings at all with the Elk International Corporation?

. A Nothing directly.

. Q Do you know the principle place of the Elk International Corporation?

. A No.

. Q Do you know where it maintained its bank accounts?

. A No.

. Q You responded to my question whether you had any dealings with them, which is an admittedly ambiguous question, you responded indirectly. Did you have indirect dealings with them?

. A Yes.

. Q What kind of dealings?

. A I would be notified through various members of the board of directors, namely Adnan Khashoggi and Tarig Kadri as to any dealings with Elk International; in other words, any transactions which had taken place.

. Q So your knowledge of Elk International Corporation came from conversations with one of those two individuals?

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. A That is right.

. Q You referred to the person, Mr. Khashoggi, you had dealings with in this case.

. A That is right.

. Q You have also told us that the 80 percent stockholder was an organization called the Triad International Corporation; is that correct?

. A Yes.

. Q Do you know where its principle place of business is? Do you know where that corporation is located?

. A No.

. Q Do you know who the shareholders of Triad International Corporation are?

. A No.

. Q Do you know who the chief executive officer of Triad International Corporation are?

. A No.

. Q Do you know any of the senior officers of Triad International Corporation?

. A No.

. Q Do you know any of the directors of Triad International Corporation?

. A No.

. Q Do you know--when I say know, I am asking have you ever met a man by the name of Adnan Khashoggi?

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. A Yes.

. Q How many times have you met Adnan Khashoggi?

. A I think three times.

. Q Do you recall each of the three times you met him?

. A Not specifically.

. Q Do you know generally where those three meetings took place, the three times you met him?

. A Yes.

. Q Where did they take place?

. A Two of them took place in Salt Lake City and one of them took place in New York.

. Q Where did they take place in Salt Lake City?

. A I don't remember specifically.

. Q do you remember which years each of the three took place?

. A No.

. Q Do you remember where the meeting took place in New York?

. A Yes.

. Q Where was that?

. A That was in the office of Robert Shaheen.

. Q Where is that located, if you recall?

. A I think the Olympic Towers in New York City.

. Q Does Mr. Khashoggi own a residence in Olympic Towers, to your knowledge?

. A I don't know.

. Q To the best of your knowledge, it was Mr. Shaheen's office, not Mr. Khashoggi's resident?

. A That is correct.

. Q When was that meeting?

. A That was probably about April of 1986. April 1986.

. Q When were the two previous meetings?

. A I don't know. You already asked me that.

. Q You don't recall?

. A It was sometime probably in 1982, 1983 or 1984, somewhere around there.

. Q Do you remember the purpose of the meting in 1986, in or about April 1986.

a. The purpose of my meeting with Adnan was to shake hands and say hello.

. Q who else was there?

. A At that meeting?

. Q Yes.

. A Bob Shaheen was there and Don Fraser was there and Steven Clark was there.

. Q What was your reason for being there?

. Q We were there to discuss the disengagement of Vertex and Don Fraser and the New York commercial people.

. Q I will return to that as we get back to the documents.

. Do you know the last time Mr. Khashoggi was in the United States?

. A No.

. Q Do you know who Mr. Khashoggi is--when I am referring to Mr. Khashoggi, Adnan Khashoggi--do you know who his principal aid is?

. A No.

. Q You mentioned to us Robert Shaheen. Who is Robert Shaheen?

. A He is an individual that works with Mr. Khashoggi.

. Q Do you know who employs him?

. A No.

. Q Does he have a title with Mr. Khashoggi?

. A I don't know.

. Q Does he have offices, to your knowledge, anywhere other than New York?

. A I don't know.

. Q How long have you known Mr. Khashoggi?

. A I think I have met him two or three times probably, beginning 1982.

. Q The other two occasions where you met Mr. Adnan Khashoggi, was Mr. Shaheen present to the best of your recollection?

. A I think so.

. Q Do you think each time you met Mr. Adnan Khashoggi, Mr. Shaheen had been present?

. A Probably.

. Q Do you know how often during 1985 and 1986 Mr. Khashoggi came to the Triad American offices in Salt Lake City?

. A In 1985 and 1986?

. Q Yes.

. A I don't think he came at all.

. Q You don't think he was ever in the Triad American offices in Salt Lake City?

. A I don't think so.

. Q Do you know who represented Mr. Khashoggi when he was not in the United States, who handled his business?

. A No, I don't.

. Q Do you know if Mr. Khashoggi received a salary from the Triad American Corporation?

. A Yes.

. Q Did he?

. A No.

. Q Do you know whether he received any money directly from the Triad American Corporation?

. A No.

. Q You don't know?

. A I don't know. I say I don't know, I don't think he did.

. Q But you have no knowledge?

. A No knowledge, no.

. Q Do you know a man by the name of Boyd Firma?

. A No.

. Q When you say no, have you ever met him?

. A No.

. Q I am not sure, I suspect you might have read his name in the paper recently. I want to know whether you have met him?

. A No.

. Q Although you didn't know him, do you know whether he was employed by Triad American Corporation?

. A He was not.

. Q Do you know whether he did legal work for the Triad American Corporation?

. A I don't believe he did.

. A Do you know whether he did legal work for Triad International Corporation?

. A I have no idea.

. Q Simply, I take it you would have no idea whether he does legal work for Elk International Corporation?

. A No.

. Q Do you know a man whose nickname is Tiny, but I guess his name was Rolin Rowland?

. A No.

. Q Have you ever heard the name before?

. A I think I have read it in some newspaper accounts.

. Q During the course of your employment by the Triad Management Corporation and your work for Triad Management Corporation, you did not come across his name?

. A I did not.

. Q Mr. Miller, pursuant to the subpoena you produced to the committee, and we appreciate it, three red whale folders of documents. As I say, there are three folders. They contain documents, as I recall, beginning--they are all Bates stamped, and the documents are stamped from 1 to 1,458. Is that correct?

. MR. BAIO: Mr. Miller didn't do the stamping or indeed even see them after they were stamped.

. MR. EGGLESTON: Would Mr. Miller recognize these as the documents he saw before?

. MR. BAIO: Perhaps. Why don't you show him.

. BY MR. EGGLESTON:

. Q I would like to show you the documents--well, let me just ask you, were you involved in the collection of these documents or response to the subpoena issued by the House Subcommittee?

. A Yes.

. Q Have you looked at these documents; have you looked at the documents you produced in response to that subpoena?

. A Yes.

. Q If I show you the stack, would you be able to identify them as the documents produced by the subpoena?

. A Yes.

. Q I intend to have you identify them and mark them all as a stack.

. MR. BAIO: That is quick.

. THE WITNESS: That is the stack.

. MR. EGGLESTON: I will have them marked as a single exhibit and during the course of asking you about them, I will refer to the Bates stamp number, which will be a lot more efficient than having the reporter mark each single document, which would result in us being here forever.

. I would like to take a look at these documents and verify that these are the documents that you produced. I have selected out some.

. MR. BAIO: Off the record a second.

. [Discussion off the record.]

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RPTS DOTSON

DCMN STABNER

BY MR. EGGLESTON:

Q Mr. Miller, have you had an opportunity to review the records that I placed in front of you?

A Yes.

Q Are these the documents you produced in response to the subpoena issued in Triad American Corporation?

A Yes.

Q At the conclusion of this deposition I will ask the reporter to mark these AM-1, which at that time will be three red whale files of documents. At this time I would like to ask you about a series of documents, and, as I indicated, I am going to refer to each document probably first by its first page number, that is the Bates stamp, and the subsequent Bates number as well for ease.

I am first going to show--and perhaps it might be convenient if you could put them in front of him and I could have these in front of me--number 009, number 9.

I take it this document is a corporation report filed with the State of Utah.

A Okay.

. Q Is that correct?

. A Yes, it appears to be.

. Q It is for the corporation Triad American Corporation; is that right?

. A Yes, it is.

. Q The name under that was Emanuel A. Floor?

. A Yes.

. Q What was his position at Triad American?

. A He was one of the executive vice presidents.

. Q Do you know how long he had been with Triad American Corporation?

. A Yes.

. Q How long?

. A Since 1974.

. Q This document is dated April 11, 1984. At that time were you an officer of the corporation?

. A Let me check the list. I was not an officer at that time.

. Q You were at that time employed by Triad Management Corporation?

. A That is right.

. Q Earlier you had testified you became an officer you thought in about 1983.

. A Yes. It looks like it was subsequent to 1983, yes.

. Q Did your duties change after you became an officer of Triad American Corporation?

A No.

Q I want to ask you about some individuals here. First, in the bottom left there is an authorized officer who is indicated as the Treasurer. Do you know whose signature that is?

A Yes.

Q Whose is that?

A Dick Shanaman.

Q Is he still with Triad American?

A No.

Q Is Mr. Floor still with Triad?

A No.

Q I was going to get this later, but what is the current legal status of Triad American? Is it in bankruptcy?

A Yes.

Q When did it--

MR. BAIO: Petition for relief.

BY MR. EGGLESTON:

Q Yes. When did the petition for relief?

A January 27, 1987.

Q Have you, in connection with that, given any other deposition? Have you been deposed in connection with that?

A In connection with what?

Q In connection with the bankruptcy?

A No.

Q Have you given any depositions in the last six months?

A Yes.

Q In connection with your position with Triad American Corporation?

A Yes.

Q Who took your deposition?

A I don't know the individual's name. It was in connection with some lawsuits that had been filed against Triad American by creditors.

Q Have you been contacted by the FBI?

A No.

Q Have you been contacted by any representatives of the Senate Select Committee?

A I don't believe so.

Q Finally, have you been contacted by any investigator or representative of the independent counsel's office?

A Who is that?

MR. BAIO: If you don't know who he is, you probably have not been contacted.

MR. EGGLESTON: It probably would have been included in the FBI.

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MR. BAIO: We know of no contact.

BY MR. EGGLESTON:

Q Page 10 refers to a number of different individuals who are the officers of the corporation as of this time, and I would like to ask you about each of these individuals. Essam Khashoggi is listed as the president and chief executive officer. Do you know his relationship with Adnan Khashoggi?

A Yes.

Q What is his relationship?

A He is a brother.

Q Do you know how long he had been president and chief executive officer of Triad American?

A No.

Q The address listed for him on this document is an address in Geneva. I won't read it because it is reflected on the front of the document. Did he also have a residence in Utah?

A No.

Q Did you have regular dealings with him?

A What do you mean regular?

Q I am sorry. Bad question. Let me ask it this way:

What percentage of his time did he spend at Triad American's office in Salt Lake City?

A A very small percentage.

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. Q Let me try to quantify that in some way.

. A Once every two or three months.

. Q He would be there for what length of time?

. A Maybe a day, maybe half a day.

. Q And the second person listed is Emanuel Floor, who is listed as the executive vice president. Is the address here his home address?

. A No.

. Q This is the address of Triad American Corporation?

. A It was the address of their corporate offices.

. Q At that time?

. A At that time.

. Q Was he essentially operating as the chief executive officer of the corporation?

. Let me ask it colloquially. Did he run the corporation in the absence of Adnan Khashoggi?

. A Let me cut through a lot of this crap here. Triad American Corporation doesn't have any operations., it is a holding company. To say somebody was running it or not running it, I mean there were no operations. Mannie Floor, Emanuel A. Floor, was in charge of the real estate operations and that is what he ran as a subsidiary of Triad American Corporation.

. Q All right. Thank you. so Triad American Corporation essentially owned the other corporations?

. A That is right.

. Q The real estate corporation, the real estate operations, was that a number of different corporations?

. A It was managed from one corporation, Triad Property Corporation, and then that in itself was a holding company for other subsidies.

. Q I think later I have--let me finish going through these. I have a list that will make that question easy and maybe quick. Mr. Evans, Samuel M. Evans, is listed as the secretary of the corporation. What the percentage of his time did he spend in Salt Lake City?

. A A very small percentage.

. Q Did you know Mr. Evans?

. A I met him a few times.

. Q Do you know the corporation IMS Limited?

. A No.

. Q Do you know what IMS stands for?

. A I have no idea.

. Q Do you know what he did for IMS Limited?

. A I have no idea.

. Q He is under indictment, is he not?

. A I have seen his name in particular. I don't know the details of this.

. Q The person listed as Treasurer is Robert Shanaman. I take it his offices were also at the principal location of

Triad American?

. A It is Richard Shanaman.

. Q Let me just ask you to turn to page 11, which lists the directors of the corporation, and it indicates--let me ask you about Raymond Jallow. Do you know what his connection was with Triad American Corporation?

. A He was a director.

. Q Was he also an officer or director of any of the subsidiary corporations?

. A Not to my knowledge.

. Q How about Tariq Kadri?

. A Yes.

. Q Mr. Kadri, was he related to Adnan Khashoggi?

. A Related?

. Q Yes.

. A I have no idea.

. Q And did he have any position with Triad American other than as a director?

. A At this point in time?

. Q No, as of 1984.

. A That's what I meant. I don't think so. I don't think he did.

. Q Was he involved with one of the subsidiary companies?

. A I guess he would be. In 1984, he would be involved with the energy companies, and was probably an officer in one or several of those.

. Q The energy companies, are they primarily the refinery?

. A The refinery in Southern California, yes.

. Q When you say at this time, did there come a time he was no longer affiliated with those companies?

. A Yes. And he is no longer affiliated with them now.

. Q Do you know when he ceased being affiliated?

. A Yes.

. Q When was that?

. A December 31, 1986.

. Q I am now directing your attention to page 7, which is the report dated February 25, 1985. I take it the signature on here is yours. Is that correct?

. A Yes.

. Q This is the first time that you are reflected as the senior vice president and secretary of the corporation?

. A Yes.

. Q Let me just ask you under the officers if you could just identify for me which ones principally worked out of the offices of Triad American Corporation?

. A In Salt Lake?

. Q In Salt Lake.

. A Well, let's see. Emanuel A. Floor, Arthur J.

Miller, Michael G. Snarr, Mark G. Lindford, Lawrence H. Taylor, Henry O. Whiteside, Frank E. Moss, Jr., Steven K. Horton, Dee A. Hickin, Steven K. Klack, Patricia E. Davis, and Shannon L. Wahl.

. Q Out of those, you omitted Mr. Kadri's name. Where was his principal office, if you know?

. A I think Santa Barbara.

. Q Do you know what business he was in?

. A Outside of Triad American?

. Q Yes.

. A No, I don't.

. Q Mark Nugard, I think you mentioned. Where was his?

. A He is the president of Edgington Oil Company and has a residence in Southern California.

. Q The rest, as I recall, having gone through it, are people whose principal offices were in Salt Lake City?

. A I omitted Essam Khashoggi, too.

. Q Yes. You and I talked early yesterday about Khashoggi.

. Let me direct your attention to document number 4. I take it there is no difference between the documents listed--I am sorry, document number 4 is the same document dated August 11, 1986.

. A What was the question?

. Q I am just asking you to identify document number 4 as the corporate report for the Triad American Corporation dated August 11, 1986.

. A That is correct.

. Q It is signed this time by Mr. Emanuel Floor; is that correct?

. A That is correct.

. Q Is there a reason he became the new registered agent at the first of the year?

. A As opposed to me? I was no longer the registered agent. Someone had to be.

. Q Is there a reason you were no longer the registered agent?

. A Yes.

. Q Why was that?

. A I resigned.

. Q You were gone by this time?

. A Yes.

. Q Of this list, the people are substantially the same except for Roger E. Dudley. Was his principal office at Salt Lake City?

. A Yes.

. Q He was assistant secretary?

. A Yes.

. Q You have also given us 3 and 6. It appeared to me there is no difference between 3 and 6. I want to be sure I am right on that?

. A Yes, they look like they are the same.

. Q This is a document dated December 17, 1986.

. A Yes.

. Q You are listed as the assistant secretary in this document; is that correct?

. A Which document are you talking about?

. Q Let's talk about 3. You were listed as assistant secretary in this document; is that right?

. A That is correct.

. Q Were you actually with the company as of this time?

. A What do you mean, with the company?

. Q Hadn't you resigned by this time?

. A I had resigned in early June of 1986, and then I came back as an officer in early September 1986.

. Q I did not--I guess in response to my question, I didn't realize you had come back as an officer of the corporation in early September.

. A Yes.

. Q Did you come back then both as part of Triad Management Corporation and as--

. A I came back as an officer of Triad Management, but not as an employee.

. Q And you were also an officer of Triad American Corporation?

A That is correct.

Q Did you ever cease becoming an officer of Triad American Corporation?

A Yes.

Q So there was a period of time from June to September 1986 when you had no affiliation with Triad American Corporation or Triad Management Corporation?

A Well, I was providing some services as a consultant.

Q When after, then, September of 1986, did you resign again or did you cease becoming affiliated with either Triad American or Triad Management?

A I have not.

Q I must have confused myself. I thought you told me you were not affiliated since June of 1986. Did I misunderstand?

MR. BAIO: He resigned at that time. He came back and he is back now.

MR. EGGLESTON: I misunderstood. I thought you had ceased your affiliation with them.

THE WITNESS: No. I am not an employee.

BY MR. EGGLESTON:

Q So your current position is assistant secretary?

A That is correct.

Q Let me show you a document, it looks like it is

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number 12. You had indicated that when you were with--I had asked you earlier with respect to an earlier period of employment whether or not you were paid in your position as an officer of Triad Management Corporation. I think you indicated you were not paid.

. A That is correct.

. Q Are you currently being paid as an assistant secretary of the Triad American Corporation?

. A No.

. Q Are you currently being paid as an officer of the Triad Management Corporation?

. A No.

. Q How are you compensated for the work you are doing for the Triad Companies?

. A In the past we had billed various companies for services as consulting fees.

. Q You indicated in the past. How today are you being compensated? As a consultant?

. A There is a question as to how I am being compensated today because we put those companies into bankruptcy. That question has not been resolved.

. Q You went into bankruptcy late January 1987?

. A January 27.

. Q Prior to that time, how were you compensated?

. A Me personally?

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. Q Yes.

. A I was paid from the company which I am a principal owner; that's Miller & Clark.

. Q Miller & Clark received funds as a consultant to Triad Companies?

. A I received funds from another company who in turn billed Triad.

. Q What was that company?

. A Sequence Corporation.

. Q Do you know who owned Sequence Corporation?

. A Yes.

. Q Who was that?

. A I owned 10 percent, Steve Clark owns 10 percent and I think Vertex owns 80 percent.

. Q When was that corporation established?

. A In June of 1986.

. MR. BAIO: ''That corporation,'' Sequence Corporation.

. MR. EGGLESTON: Yes.

. It was established in June 1986?

. THE WITNESS: That is correct.

. BY MR. EGGLESTON:

. Q Was that established after you resigned from your positions with Triad and Triad Management?

. A That is correct.

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. Q Where is Sequence Corporation located?

. A It is located in Salt Lake City.

. Q What is the principal business of Sequence Corporation?

. A It was set up to market and distribute software, computer software.

. Q The corporation Vertex Corporation, where is that located?

. A I think its principal offices are in Toronto, Canada.

. Q Do you know who the shareholders of Vertex Corporation are?

. A NO.

. Q Do you know who the officers of Vertex Corporation are?

. A No.

. Q How do you deal with the Vertex Corporation?

. A Don Fraser.

. Q Do you know his position with Vertex Corporation?

. A I don't.

. Q Do you know a man by the name of Ernest Miller?

. A Yes.

. Q Are you related to Ernest Miller?

. A No.

. Q Ernest is actually his middle name, isn't it? If

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you know.

. A I don't know. We just call him Ernie.

. Q You are not related to him?

. A No. I am not.

. Q Is he affiliated with Vertex Corporation?

. A Don't know.

. Q Do you know who the chief executive officer of Vertex Corporation is?

. A No. the only person I dealt with. I will tell you this again, is Don Fraser. I think he is an officer, but I don't know what his position is.

. Q Do you know the principal business of the Vertex Corporation?

. A No.

. Q You believe, though, it is a Canadian corporation located in Toronto?

. A Yes.

. Q I will get back to the Vertex Corporation in a minute.

. Does Sequence Corporation still exist, still a corporation?

. A Yes.

. Q Is it still involved in the business of marketing software?

. A Yes.

. Q Did you tell me developing or marketing software?

. A Marketing.

. Q Of software?

. A Of software.

. It is also involved in some development on some computer hardware, too.

. Q As I go through some of the other documents I am going to have detailed questions about various of these corporations and I will get to them at that time.

. A Okay.

. Q I ask you to take a look at a document, the first page which is listed number 12, which is a bank account listed for Triad American Corporation. Did you produce this in response to the subpoena?

. A I had it produced.

. Q So this was not a pre-existing document?

. A No.

. Q There are a number--actually, it is almost two full pages--there are a number of different companies listed here, organizations and partnerships. Are these Triad and its affiliated companies?

. A Yes.

. Q So when you refer to, for example, Triad American Corporation as a holding company and it did its development business through a number of different corporations, those

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corporations are reflected on this list?

. A Yes.

. Q Similarly, you said part of its business was energy related. I take it those companies are also reflected on this list?

. A Yes. There are some accounts that, operating accounts that the energy company would have in Southern California. We have no direct control over those. Those are just operating accounts for, say, Edgington Oil Company.

. Q So what you just told me is that Edgington Oil may have various operating accounts not reflected here?

. A Yes.

. Q Let me take a minute to look over this list.

. A Sure. Go ahead.

. Q This may be too broad a question for you to answer, but does Triad American own 100 percent of the stock of each of those corporations?

. A The answer is no, not entirely.

. Q Can you identify which ones it does not own 100 percent of the stock of?

. A Well, first of all, it owns 100 percent of the stock in some companies such as Triad Properties, but Triad Properties will in turn own 100 percent of the stock in other companies such as Salt Lake International, so it doesn't directly own, but indirectly it does.

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. there are some companies here that--let me see if I can pick them out. At one point in time Highland Drive Sugar House Place had a partner in there. It was a 50/50 partner.

. Q Do you know the partner?

. A The partner was Sugar House Limited Partnership.

. Q Do you know who owns Sugar House Limited Partnership?

. A John D. Stevenson, a fellow in Idaho, and some family members from the Stevenson family.

. The other one that comes to mind right now is SLIC 4810--

. Q Let me just get there.

. A --Wiley Post Way Limited Partnership. That is a partnership that owns a building in which we own 60 percent.

. Another one was Triad Burbank Associates.

. Q Do you know who owned the other 40 percent?

. A Yes.

. Q Who was that?

. A A company called, it used to be McGinnis Ford. It is out of Oklahoma. Triad Burbank Associates was a company which Traid owned I believe 80 percent of it, and the partner in that was another partnership called Geiger Tower Associates. Geiger Tower Associates had a bunch of different partners, some in California.

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. Q Were any of the partners involved in Geiger Tower Associates, were any of them also involved in the other Traid company?

. A No.

. Q Do you know who the principle players in Geiger Associates are?

. A Sure. Steve Geiger and Dee Christiansen were the developers.

. And that is pretty much it as far as outside ownership.

. One other, on Triad, Lacaille Ventures, that was a corporation of which Triad owned 80 percent and the limited partnership there was called Lacaille Management Group. It was a partnership to run a restaurant. The Lacaille group operated some other restaurants and came to operate this for us.

. Q Who are the principal owners, if you know?

. A David Johnson and Steven Runolfson.

. Q You have also on document number 14, given us a list of the telephone numbers. Let me ask you. I take it these are all the phone numbers located at the main offices of Triad; is that correct?

. A Yes.

. Q I see some are coin phones and everything else. Can you identify which one is the principles' number for Mr.

Floor?

. A For Floor?

. Q Yes.

. A The number is--let me just give you the main numbers.

. Q Okay.

. A We had 537-7300, and you can see it says the old number. That was the main number before the offices moved to their present location.

. Mr. Floor had a private line. His was 537-7310. That is on there, too.

. The main--we have actually two main numbers now for the group. One is 537-5000, and the other is 537-7000. and there are no private lines associated with that telephone system.

. Q Does Mr. Floor have a private line now?

. A No, he doesn't. He is no longer with the company.

. Q Prior to the time he left the company, I take it he was with the company after he moved to its new location, did he not?

. A No.

. Q He was not?

. A No.

. Q Who is the person that principally runs the company today?

. A The day-to-day operations?

. Q Right.

. A Me.

. Q Of Triad American Corporation?

. A That is right.

. Q There is a number here which is called, it is 534-1086.

. A Yes.

. Q It says command C. What does command C stand for?

. A Command center.

. Q What is the command center?

. A They monitor the lights and the heat. I have seen security people. If there is any emergencies, that is--those are the people that call up the paramedics. They take care of the janitors. If people will need to get into certain areas of the building, they are the people who can let them.

. Q I know you previously told me when Mr. Floor left the company, but when was it he left?

. A Well, in effect, his authority was reduced in September of 1986, and he was in a token position until, I think, November of '86, is when he left. It could be a little later. You know, he has got some kind of resignation letter he wrote. I don't know the exact date on that, but it was probably around November of '86.

. Q Do you have a private line?

. A No, I don't. I had one.

. Q What was it?

. A When we had the old system, 537-7318.

. Q Is it on there?

. A I don't see it. There was a series. There was--when you see the 537-7300 number, that was a series of numbers, we had 20 lines. I think it went 1 through 20, 730-1, 730-2 and so forth. The private lines started with the number 10 and went up to 20 and mine was 731-8. There were others, but I don't know what theirs specifically were.

. Q Let me return to document number 12. During the course of this I asked you about the various corporations. You have listed a number of bank accounts here for the various different corporations including the Triad American Corporation.

. Other than these, are there any--and in this, I think there is one, or I guess there are two foreign bank accounts listed. There's Bank of NT Butterfield listed for the Triad American Corporation, which is located in the Cayman Islands, and there is another one which is on page 13 which is a Triad Energy Corporation Bank, it appears to be Euro Commercial and it is also located in the Cayman Islands. Other than those two, did Triad American or any of its affiliated companies have any foreign bank accounts?

. A No.

. Q Where is the principal location of Triad Energy Corporation?

. A It is--well, the books and records are kept in Salt Lake City.

. Q Who is the chief executive officer of Triad Energy?

. A Now?

. Q I will start with now.

. A I am not sure who the chief executive officer is right now.

. Q You don't now who it is right now?

. A No.

. Q Do you know who it was in the years 1985 and 1986?

. A It was probably Tariq Kadri.

RPTS DOTSON

DCMN STABNER

[Recess.]

BY MR. EGGLESTON:

Q Let me direct your attention to document number 15. This is--and I think there was a reference to this in the previous document--this account opened it looks like December 7, 1984 in Cayman Islands, NT Butterfield and Son. It reflects a loan to Sigma X of $40 million, I guess, and on the same day, which is December 31, 1984, a loan from Triad International.

Do you have any knowledge of this loan?

A Only the way it was handled on the books of Triad American Corporation.

Q Do you know the purpose of the loan?

A Which loan? It shows two loans there.

Q There is a loan from and a loan to.

A The loan from Triad International Corporation was treated as a capital contribution from Triad International. The loan to Sigma X was a loan to a company called Sigma X Limited. And, to my understanding, Sigma X Limited took that money and purchased a 10 percent share of Sigma X, which was a company that had the rights to some oil reserves in the Sudan.

. Q Is Sigma X a corporation? Not Sigma X Limited, now?

. A I don't know.

. Q Do you know who owned or was the principle operating officer of Sigma X?

. A No, I don't.

. Q How about Sigma X Limited?

. A I don't know.

. Q You don't know whether that was a corporation?

. A No, I don't.

. Q You don't know who owned it?

. A No.

. Q You don't know who was the principal operating officer?

. A No, I don't. As far as Triad American was concerned, the money came in and went back out.

. Q Is this the only transaction that took place in this account?

. A That is right.

. Q If you know, what was the purpose of--two purposes. What was the purpose of doing it through a Cayman Island account as opposed to your own account in a Salt Lake City bank?

. A No, I don't.

. Q Do you know whose decision it was to establish a Cayman Island account in order to process this transaction?

. A No.

. Q You indicated that the loan from Triad International was treated as a contribution to capital?

. A Yes.

. Q Do you know whether the loan from Sigma X has been repaid?

. A The loan from Sigma X has been written off, or I should say, fully reserved.

. Q Which is to say it was not--

. A That's right.

. Q By fully reserved, I take it that means you don't anticipate getting repaid for that loan?

. A That is right.

. Q Do you know what Sigma X did with the loan, with the money?

. A I already told you that. It was my understanding they purchased a ten percent ownership in Sigma X and that Sigma X was the owner of these oil reserves or rights to reserves in the Sudan.

. Q Do you know whether the oil reserves in Sudan and wherever developed?

. A I don't believe they were because shortly after this transaction was done, I believe there was a change in government and the new government in the Sudan and voided all previously-all previous contracts that had been established.

. Q Was it your decision to reserve it?

. A Yes.

. Q When did you decide to reserve it, or whatever the terminology is?

. A IT was either late '85 or early '86.

. Q Do you know whether Sigma X and Sigma Limited are private corporations? Do you know whether they were corporations at all?

. A I don't.

. Q Do you know where they are located?

. A No.

. Q Are there any additional loan documents involving Sigma X? I mean, as Triad American, you must have had a document?

. A Yes. I think we have got a loan, a note, a signed note from Sigma X.

. Q Was this a secured loan?

. A No.

. Q I take it that the loan note would have an individual's name on it?

. A I am sure it would. Somebody signed for that corporation.

. Q You don't recall who that is?

. A No, I don't.

. Q I wonder if you could provide that to us?

. A Sure.

. Q That note would only reflect information related to Sigma X Limited?

. A That is correct.

. Q Not to Sigma X itself?

. A No.

. Q You would also have, I take it, some supporting documents about the loan itself. I take it there would be additional supporting documents?

. A I will send you what I have. I think in that file you just have the information on the note. I will pull out the file and send you all the documents associated with it.

. Q Does Triad American Corporation make public filings? Does it file things with the SEC?

. A No.

. Q Is that because it is a privately held corporation, it is not obligated to make filings?

. A That is right.

. Q Does it make official public filings with any organization other than Internal Revenue Service and, obviously, the Salt Lake equivalent--

. A Taxing Authority.

. Q Tax Authority, whatever it is, and this corporate report which also has to be filed with Utah. Does it make any other filings?

. A No.

. I take it back. There are some reports that we prepare, and I can't remember which governmental agency it is for, but it is like the Department of Agriculture or something like that. There is some report they normally send out that we have to fill out every year.

. Q Do you know the purpose of the report?

. A It is an information type report.

. Q Like how many pages is it? How long a report is it?

. A It is a four or five page report, but they are big pages, 24 inches by about--

. Q What does it require you to report?

. A Just information about the corporation, and essentially it asks for information that we don't do. It asks for how much grain has been shipped or how much inventory we produce every year. It's like a manufacturer's type report. And we don't do anything, but we are required to file it.

. Q You think you filed it with the Department of Agriculture?

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. A I'm not sure who we filed it with. It may be one of the other departments.

. Q Commerce?

. A It might have been Commerce.

. Q Are you required to report financial transactions?

. A No.

. Q Just primarily manufacturer's type--

. A Yes. I think we do file like a balance sheet information, total assets, total liabilities, things like that.

. Q What are the total assets approximately, what were they as of December 31, 1986 of Triad American Corporation?

. A I haven't finished the financial reports yet for that period so I can't give you an accurate number.

. Q Are you on a fiscal year basis?

. A No.

. Q Calendar year?

. A Calendar year.

. Q How about as of December 31, 1985? You can give me your best current recollection of an approximation.

. A Probably about $425 million total assets.

. Q Document number 1, which is two pages, is a list of directors since 1984. Was this a pre-existing document or did you prepare this pursuant to subpoena.

. A We prepared it pursuant to the subpoena.

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. Q What I would like to do is just go through these and ask you when people become directors and when they stopped becoming directors. If you can give me your best approximation about when that occurred.

. Ivan Burgess is listed there, number 1, Euro Bank Corporation, Grand Cayman. Do you recall approximately when he became and ceased becoming a director?

. A I believe he became a director in March 1968 and ceased being a director in about April 1986.

. Q Mr. Evans?

. A I don't know when he became a director. I think sometime in 1985. He ceased being a director.

. Q Mr. Floor?

. A I don't know when he became a director. He ceased being a director in late '86.

. Q Mr. Fraser, I take it similarly is March to April '86?

. A That is correct.

. Q Raymond Jallow?

. A I think he became a director sometime in 1983 and then went off the board in 1984. He was there for a short period of time.

. Q Mr. Kadri?

. A He became a director in 1983 and left the board December 31, 1986.

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. Q Adnan Khashoggi?

. A Adnan Khashoggi became a director in either September or October of 1986.

. Q I am sorry?

. A He became a director in September or October of 1986, yes, and he is a director now.

. Q He was not previously a director?

. A No.

. Q Was he previously an officer of the corporation?

. A I believe so.

. Q Essam Khashoggi?

. A I am not sure when he became a director, but I think he ceased being a director around September or October of 1986.

. Q Are positions on the board filled--is there a position that is then filled by someone else?

. Let me ask it this way. Did Essam Khashoggi take Adnan Khashoggi's place on the board?

. A Triad American Corporation is required to have three directors, and I don't know whose place he took but as a vacancy was opened up it was filled by various people. I think Adnan was made a member of the board when Essam left.

. Q Mohammed Khashoggi?

. A I don't know.

. Q Is he related to Adnan and Essam Khashoggi?

. A Yes.

. Q What is his relationship?

. A He is Adnan's son.

. Q When was he a member of the board, or is he a member of the board?

. A He became a member of the board?

. A He became a member of the board as of the middle of January 1987. Again, we had to replace a member. When Tariq Kadri resigned, we had to replace him. That is when Mohammed went on the board.

. Q How old is Mohammed?

. A I am guessing. 24.

. Q Mr. Miller, I take it, similarly, Mr. Walter Ernest Miller, was similarly March to April '86?

. A That is correct.

. Q Again on page 2 there is a list of the officers of the corporation. I think I have substantially asked you about all these people and will not go over this list.

. I am sorry, let me just--I do want to go over the list, but I will go over it quickly. Emanuel Floor and Mr. Kadri are both listed as executive vice president.

. A That is correct.

. Q Is that a succession or were there two executive vice presidents?

. A There were two executive vice presidents.

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. Q Similarly, there are two presidents listed here, Mr. Fraser and Essam Khashoggi.

. A That was a succession.

. Q Does it go from Essam Khashoggi to Fraser and does it go back to Essam Khashoggi?

. A I don't know.

. Q Do you know who became the president?

. A I don't know if one was named.

. Q Is there a president now?

. A Yes.

. Q Who is that?

. A Mr. Fraser.

. Q Donald W. Fraser is the president?

. A Yes.

. Q He resigns, it is in here, late April--maybe it is even May of 1986.

. MR. BAIO: I think it is April. The document is dated May.

. MR. EGGLESTON: I just don't remember. Something else happens late in May, we'll get to it.

. He resigns as president; is that correct?

. THE WITNESS: Yes.

. BY MR. EGGLESTON:

. Q There [illegible]comes a time he becomes president again?

. A Yes.

. Q When was that?

. A IN about September 1986.

. Q So he is currently president?

. A Yes.

. Q Is Mr. Ernest Miller, Ernie Miller, currently affiliated with Triad?

. A In terms of being an officer or director?

. Q Right.

. A No.

. Q Is he an employee?

. A No.

. Q Is he affiliated in any formal fashion?

. A Not that I know of.

. Q How about Mr. Burgess?

. A No.

. Q Do you know Mr. Burgess?

. A No.

. Q To your knowledge, is he an officer or director of either Vertex or Euro--

. A I don't know.

. Q Do you know his relationship with Mr. Fraser or Mr. Ernest Miller?

. A I don't know.

. Q Business partner of some nature?

. A May be, but I don't know.

. Q The last names, Nugard, Linford, Taylor and Whiteside, which of those is currently with Triad American Corporation?

. A None of them.

. Q Is there an assistant vice president today?

. A No.

. Q Is there a senior vice president today?

. A No.

. Q When did they leave, Do you know?

. A They left when they were terminated, probably in September of 1985, or--

. Q 1986?

. A 1986.

. Q What happened in September of 1986? Was there a reorganization of the corporation?

. A Yes.

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. Q What happened?

. A Let me just tell you the story. Then you can ask questions if my explanation doesn't suffice.

. Q Okay.

. A In 19--in April-May, 1986, Don Fraser and the other people associated with Euro Bank and Vortex came in to provide some management assistance. They also were to provide some cash for the operations. They came in, they started providing cash, they saw the problems that existed and started to make some changes.

. There were some disagreements between those people and the management that had been in place for a number of years, and the management that had been in place convinced the owners that they didn't need to make any changes, that everything was going to be fine and that they should ask the people that had come in to leave, and convinced them to do that. They asked Fraser, Miller and their people to leave, and they did. It is evidenced by the disengagement agreement.

. During the subsequent months, the existing management continued to throw the company into serious financial difficulties, and it got to the point where they were extremely serious. There were some very company-threatening problems that existed in early September. At that point, Fraser was asked never to come back again. At that point of time, they came back in and intended to cut the overhead, which they had intended to do early in the year, and that is when you see a lot of these people leaving.

. The staff was cut when they first came in in March of 1986. There were probably 250 to 270 people in the overhead of the corporation that existed. The overhead was at times upwards of $2, $2.5 million a month. They subsequently reduced that overhead in the initial cuts to about 150 people in March and April. When they came back in in September, they reduced that down further to the point where we have, I think we have ten employees right now.

. Q Can you give me an estimate of what the assets of Triad American are now?

. A Yes.

. Q You indicated--

. A They are about 400, 425, something like that, 425 million.

. Q Do you know what the liabilities are as of today?

. A Yes.

. Q I take it they exceed--

. A No, they don't. Actually, they don't. There is some equity in the companies. On a book basis, there is about $60 million of liquidity in the company.

. Q When you say the management in place--

. A Floor, cadre--it was basically the directions were coming from the Board of Directors, which included Essam Khashoggi because he was the president and chief executive officer. He was also the chairman of the board.

. Q When you talked about the owners, they convinced the owners--

. A That would be the owners which constituted Elk International and Triad International.

. Q If I could ask you, how is it you ended up in partnership--is it Sequence Corporation?

. A Yes.

. Q Did you get to know Fraser and Miller during the course of this operation?

. A Yes.

. Q Are they essentially investors, is that what they do?

. A Yes.

. Q Did you have any prior experience in software marketing?

. A Not in marketing software. I have a lot of experience in computers.

. Q How big a corporation is Sequence Corporation?

. A Not very big.

. Q How many employees?

. A There are no employees. That is how big it is.

. Q How much assets does it have?

. A It has probably got $130,000 in assets.

. Q So it currently is a fairly small corporation?

. A Yes.

. Q Where does your income come from?

. A There is no income right now because I have been devoting my time to take care of the problems at Triad. I guess, in effect, yes, there is income. It is coming from Triad on a consulting type basis.

. Q You get some consulting fees. So the way it works is your consulting time is billed through Sequence Corporation?

. A Yes.

. Q I have put these documents together in some way I hope is rational. I am looking at document 23. This is a document titled ''Minutes of Telephonic Meeting of Board of Directors and Shareholders of Triad American Corporation.'' I would like to ask you a number of questions about this. Obviously I am not going to read the whole document, but I have a number of different questions I am interested in asking.

. This document refers to both a company called Euro and a company called Vortex. Do you know who the principal operators of Euro Commercial Finance are? Do you know who they are?

. A No.

. Q How about Vortex Finance?

. A No.

. Q You had indicated that you had some dealings with Vortex through the person of Donald Fraser, is that right?

. A Yes.

. Q Do you know whether he is associated with Euro Commercial Finance?

. A I believe he is.

. Q How about Ernie Miller, is he, to your knowledge, associated with Vortex?

. A I think he is. I don't know for sure.

. Q How about Euro Commercial?

. A I don't think he is.

. Q I think I asked you if you know who the directors and officers were of Vortex.

. A I don't.

. Q I don't know if I asked you about Euro Commercial?

. A No.

. Q Do you know where that company is located?

. A I believe it is located in the Cayman Islands.

. Q Let me just ask you generally. There are now a series of documents I am going to show you which start, the ones that appear to be Triad documents start in early March and go through late May. Were you involved in the planning and drafting decisions that went into these documents?

. A No.

. Q Is your knowledge of these documents as the chief financial officer of the corporation, or is your position--

. A Yes.

. Q Did you have knowledge of these events as they were going on, that these loans were being made and these financial transactions and changes in the corporation were taking place?

. A Not as they were going on. I knew of them as they were completed, and I saw the documents.

. Q But you were not someone who was part of the negotiations?

. A No.

. Q Just generally, do you know who it was that--and this was a fairly major restructuring, as you have told us, of Triad American Corporation. Do you know who were the principal negotiators of this deal?

. A What deal? Ask me specifics.

. Q I wanted to ask a general first and now I will ask a specific. It sounds to me as if you can't answer it any other way. Let me just go through it, and I will ask you specifically as I go through them.

. On page 26--let me first ask you, this document is dated, as I recall, as of March 20, and this is the document that is the meeting of the shareholders that actually, as I take it, effects the change in the corporate structure. Is that right?

. A Yes.

. Q This is actually the document where Essam Khashoggi resigns as president, chief executive officer, and Donald Fraser is elected as his successor?

. A That is correct.

. Q And that is reflected, I think, on the bottom of page 26 and top of page 27.

. Let me ask you about paragraph four reflected on page 27. This refers to a loan of $21 million made by Sarsuati International to Adnan Khashoggi. Are you familiar with the company, Sarsuati International?

. A No.

. Q Do you know where it is located?

. A No.

. Q Do you know who its chief executive officer, shareholders, any of its directors and officers are?

. A No.

. Q Later documents reflect this $21 million loan is,

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in fact, three loans that were made on November 15, November 18 and January 5. We will get to them later.

. Did you have any knowledge of those loans as of the time they were made?

. A No.

. Q Now, this paragraph four refers to that loan, which it calls $21 million, from Sarsuati International to Adnan Khashoggi and also refers to an assignment from the Sarsuati to Vortex Finance. Do you know whether Donald Fraser was associated with Sarsuati International?

. A Don't know.

. Q Or, similarly, Ernie Miller, do you know whether he was associated with Sarsuati?

. A I don't know.

. Q Do you have any knowledge at all about the reason the loan was assigned from Sarsuati to Vortex?

. A No.

. Q This document also refers to a loan that Euro Commercial Finance was going to make, I believe, to Triad American Corporation. Is that correct?

. A Yes.

. Q Was that loan made?

. A A commitment was made, and funds were received by Triad American under that commitment.

. Q Do you know the dollar amount received under that

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commitment?

. A Yes.

. Q How much was that?

. A $1,760,000.

. Q It was not the full amount?

. A No, it was not.

. Q This document, on page 28, also refers to an additional loan which as of the date of this document appears not to have been made from Vortex to Adnan Khashoggi. Do you know whether an agreement for that loan was eventually reached?

. A I don't--I have no knowledge of it. I have seen a document that says they intended to make the loan, but from my knowledge and from the standpoint of Triad American Corporation no such loan was ever made.

. Q Could you just repeat that?

. A Okay. I believe I have seen some documents that would indicate that an agreement was reached to make an additional loan, but from the standpoint of Triad American Corporation and its books and records and from everyone I have asked, no such loan was ever made.

. Q These loans, which total $30 million--as of this document, a total of $30 million--was secured by various properties belonging to Triad American, is that correct?

. A That is correct.

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Q Do you know the reason Triad American agreed to secure the $21 million loan that was made to Mr. Adnan Khashoggi?

A No.

Q Do you know whether Triad American received any consideration from Adnan Khashoggi for its agreement to secure the loan that was made to him, apparently personally?

A It did not.

Q It did not receive it, they did not receive anything?

A No.

Q As of this time, I think you testified he was not a director of the corporation.

A That is correct.

Q And he was not an officer to the corporation?

A That is correct.

Q He was not an employee of the corporation?

A That is correct.

Q I think I have already referred to page 28, which makes a reference to an anticipated $10 million loan which will be made by Vortex to Adnan Khashoggi. Is it your understanding that this agreement also was to secure the Triad--that Triad American Corporation would secure that loan as well?

A That was not my understanding. I really don't know anything about that loan other than the reference here and another document that is in here some place.

. Q So far as you know, Triad American was not with its assets going to secure another $10 million, which as of this time hadn't been loaned or an agreement hadn't been reached--

. A To my knowledge, it had not.

. Q I am going to start racing around here now a little bit.

. The document I have before me is number 394. At the top of 394 there are various dates placed on here. Do you know when these were placed on here at the top? I could read it out for you. Maybe I should, for the record. ''Mar. 07, '86, 10:42, Triad American SLC''; and then below that, ''Mar.'', then it refers to--I can't actually read it ''M-a-n-a-g-e-c-o-Geneva.''

. A M-a-n-r--you cant read that stuff.

. Q Do you know what those numbers are?

. A You want me to guess?

. Q I don't want you to purely guess. Have you ever seen anything like this before?

. A Sure. They look like the date, information that goes with rapid FAX, rapid copies.

. Q Would this--and, again, I don't want you to guess, but does this indicate it was sent to this location?

. A Who it was sent to or from.

. Q Similarly, the top one, which is in slightly smaller print, do you think that means who it was sent to or sent from?

. A Yes, probably.

. Q This is a promissory note, dated March 6, 1986, where Triad American Corporation promised to pay Euro Commercial Finance $9 million. Is this the promissory note--the document that I have was actually signed. Do you know whether this was was the promissory note that was signed?

. A I think it was.

. Q Was this the document referred to in the prior document I just talked to you about, the first page of which is number 23, where there is a reference to the $9 million loan? This is the promissory note?

. A I believe so.

. Q This note seems to indicate, at least as of this date, only $1 million of the $9 million would be funded.

. A That is right.

. Q I think later documents reflect an additional 760,000 was funded. Do you know what the $1 million that was funded as of this date was used for?

. A Absolutely.

. Q What was it used for?

. A It was used for operations of Triad American

Corporation and subsidiaries.

. Q Do you know when the additional $760,000 was funded?

. A It was probably funded within--on a weekly basis--again, I am recalling this from memory, but I am sure it was funded on a weekly basis as the bills came due over the next three or four weeks.

. Q And, again, it is your understanding they were also used for operating expenses of Triad Corporation?

. A Yes. I know they were used. If you need, I can tell you what bills they paid.

. Q Well--actually, that is interesting to me. You know which bills were paid?

. A I can tell you exactly which bills were paid.

. Q What kind?

. A Payroll, interest payments, it paid bills to keep the telephones operating, the lights on and also some heat.

. Q As of this date, you needed some cash, I take it?

. A We were in a severe cash shortage.

. Q Do you know when this note was signed?

. A It was probably signed on or about the 6th of March, it could have been the 7th, but I am sure it was very close to the date of the note.

. Q The document I have now has the first page number 748, which is an agreement between Khashoggi, Vortex, Trivert International and Triad American.

. Let me ask you, we have talked already about Adnan Khashoggi and Vortex. Are you familiar with a company called Trivert International?

. A No, I am not.

. Q Is it a Triad affiliate company?

. A It is not, to my knowledge.

. Q Do you know who operates Trivert?

. A No.

. Q Do you know who the shareholders were?

. A No.

. Q Or the officers or directors?

. A No.

. Q It appears to date it is a Cayman Islands corporation. Do you know if it was a Cayman Islands corporation?

. A No, I do not.

. Q Do you know when Trivert International was created?

. A No, I don't.

. Q Do you know whether Fraser had any affiliation or association with Trivert?

. A No, I don't.

. Q Let me take you through this document.

. First, this document on page 749 makes reference to, the last two lines, and I will go through the details of

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the transaction in a second, but the last three lines of paragraph three make reference to the facilitation of certain marketing agreements in which A.K. or its associates would be involved? Do you know what the reference to certain marketing agreements is?

. A I do not.

. Q Pursuant to this document, it appears that--well, let me ask you this first. Did you have any role in the negotiation of this document?

. A No.

. Q Do you know where this document was negotiated?

. A No.

. Q When did you first see this document?

. A I first saw this document when I asked our attorneys, who were our attorneys at the time, for their files on Triad American, so that I could comply with the subpoena, and that is the first time I saw that. It was probably--when was it sent?

. MR. BAIO: Within the last week or so.

. THE WITNESS: It was within the last two weeks for sure.

. BY MR. EGGLESTON:

. Q So you had not seen that before?

. A I had not seen that before.

. Q You have read it now?

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A I have looked through it, yes.

Q Let me ask you if my understanding of this document is correct.

MR. BAIO: I don't know what that exercise does. Here is a guy who had nothing to do with it, you are reading it and you are asking him whether his understanding comports with yours. It is certainly not evidence. It is sort of nothing.

THE WITNESS: I guess what you need to do is ask the principals involved.

BY MR. EGGLESTON:

Q It is kind of nothing, but he as the chief executive officer of this company, Triad American Corporation, which was a party to this agreement, at least as I understand it was party to this agreement--I don't know that it is going to hurt for me to ask him what this agreement contemplated.

MR. BAIO: It is almost asking for a legal conclusion now. It says what it says.

THE WITNESS: I can tell you this document was never produced for at least the accounting side of the corporation, and I had never seen it before. It has never been recorded on the books, nor do I know of anybody in the corporation now, outside of Mr. Fraser, he may know, but you would have to ask him. Anyone else in the corporation has never seen this.

BY MR. EGGLESTON:

Q Let me direct your attention to page 751. There is a signature for the Triad American Corporation. Whose name is that?

A Emanuel A. Floor.

Q There is a signature for Triad International Corporation. Do you recognize that signature?

A It looks like Adnan Khashoggi.

Q Are you familiar with his signature? What I am trying to ascertain--

A It looks like it, but I can't say because I have seen an ''A'' written and a couple slashes written in sometimes. It looks like his. It looks like Khashoggi.

Q I just wanted to ascertain whether you had some familiarity with it.

A No, I don't.

Q Do you know who signed on behalf of Trivert International?

A It looks like Don Fraser.

Q And the signature of Vortex looks, to my untrained eye, the same as the signature for--forget that.

A Which page?

Q I am on page 750. I backed up. Does that look to you to be Don Fraser's signature as well?

. A It looks like the same signature.

. Q Where did you obtain this document in compliance with the subpoena?

. A From the files of our attorneys.

. Q Who are they?

. A At the time it was Parsons, Behle & Latimer.

. Q They are located in Salt Lake City?

. A Yes.

. Q On page 752, there is a promissory note dated March 6, 1986, which indicates Khashoggi is borrowing $10 million from Vortex Finance. Had you seen this document prior to today?

. A No.

. Q Do you have any knowledge as to whether this document was ever executed?

. A I do not.

. Q Similarly, page 753 is a promissory note also dated March 6, 1986. This is a promissory note where Trivert agrees to pay Adnan Khashoggi $10 million. Is the first time you saw this document also two weeks ago?

. A That is right.

. Q You don't know when this document was executed?

. A I have no idea.

. Q Document 544, when is the first time you saw this document?

. A I saw that document in March, 1986.

. Q This document is dated March 6, 1986. Let me ask you to look at page 546. There is a signature for Sarsuati International. Does that appear to be Don Fraser's sitnature?

. A It looks like it. It may not be.

. Q But it is consistent with his signature you have seen before?

. A Yes.

. Q What I want to ask you about is on page 547, this is a stock purchase agreement, dated March 15, 1985, which makes reference to a loan from Sarsuati to Adnan Khashoggi, and the document seems to indicate Khashoggi is the controlling shareholder of Triad International Corporation. Was this exhibit attached to the document that begins on page 544 as of the time you saw the document?

. A It might have been. I can't say for sure. It may have been.

. Q I am obviously not going to take you through what you knew about this, but on page 550, there is a signature for Sarsuati International. Do you know whose signature that is?

. A Never seen it.

. Q You don't recognize it?

. A No.

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. Q Page 551 is a promissory note. Do you think this document was attached as of the time you saw it?

. A It may have been.

. Q You don't have any specific recollection?

. A I don't know.

. Q Also 552, dated November 18, and 553, which is the note dated January 5, 1986.

. A It may have been. I recall at that time I knew there was more than one loan that made up the $21 million. So I probably had some knowledge. I don't recall whether these specific documents were attached or not.

. Q Do you have any knowledge as to the use to which Mr. Adnan Khashoggi put the $21 million?

. A No.

. Q Do you know whether any of this $21 million was used to support the operating expenses of Triad American Corporation?

. A It was not.

. Q You know it was not?

. A I know that it was not.

. Q Let me direct your attention to page 562. This is a reference to a $9 million loan from Euro Commercial to Triad American Corporation, right?

. A Yes.

. Q This loan, as I recall, makes a reference at the bottom of page 562 to the purpose for which the loan will be used. When is the first time you saw this document? Did you know about this document as of March, 1986?

. A Yes.

. Q Is this the loan of which only $1.7 million was disbursed?

. A That is right.

. Q So the reference at the bottom of 562 to 4.5 million being used to retire payables of TAC and the other 4.5 having to do with the construction loan, at least the 4.5 to close the construction loan was never funded by--

. A That is right.

. Q Of the 1.7, six million, I guess, I take it that was used to retire payables of TAC?

. A Yes.

. Q Now, document 67 I am back to. This is a document entitled, ''Irrevocable Proxy'' at the top. When is the first time you saw this? Were you aware of this at the time it was executed?

. A I don't recall when the first time is I saw it.

. Q This is not a document you only saw within the last two weeks? This is a document you think you have only seen during the last two weeks?

. A I may have seen it before then. I don't remember.

. Q Just one other question about this document, because it otherwise speaks for itself. I think I asked you this, but do you know what relationship Ivan Burgess had to Vortex Finance?

. A No, I don't.

. Q Have you ever met Ivan Burgess?

. A I think I met him once.

. Q Do you know where that took place?

. A Yes.

. Q Where?

. A In the Cayman Islands.

. Q Do you know where in the Cayman Islands?

. A Yes.

. Q Where?

. A At Euro Commercial Bank.

. Q When was that?

. A This is at Don Fraser's wedding.

. Q When was Don Fraser married?

. A December 31.

. Q December 31--

. A '86.

. Q December 31 of '86?

. A Yes.

. Q Did you know his wife before?

. A Know his wife?

. Q Yes. Did you know the woman he married?

. A Yes.

. Q Where is she from?

. A I believe she is from England.

. Q So you think you met him at the wedding?

. A Yes. Well, I think I met him, I passed by their offices, I saw their offices, and that is where I met him.

. Q Those are the offices of Vortex?

. A No, the offices of Euro Bank.

. Q Does Don Fraser own Euro Bank? Is he affiliated with them?

. A He is affiliated with them.

. Q Is Ernie Miller affiliated with Euro Bank?

. A I don't think so.

. Q Burgess, do you think he is affiliated with Euro Bank?

. A Yes. He has an office there, so--I don't know what his position is.

. Q Did you do any business while you were in Cayman Islands?

. A Yes.

. Q Related to Triad American Corporation?

. A Yes.

. Q What kind of business did you do?

. A I was on the phone about six to eight hours a day taking care of problems in Salt Lake and around the U.S.

Q Did you do any financial transactions while you were down there?

A No. Spent a lot of money.

Q On hotels?

A Personal money on hotels and meals, a lot of snorkeling. That probably shouldn't be on the record.

Q I have document 425. The document begins on 425 and is titled ''Triad American Corporation Waiver and Unanimous Written Consent of Shareholders.''

Let me direct your attention to page 426. The last ''whereas'' clause makes a reference to an additional $10 million U.S. loan to Adnan Khashoggi, and then it says ''for utilization in connection with marketing activities to be carried out by Adnan Khashoggi directly or through a controlled entity, which entity might be Trivert International, which activities are deemed to TAC.

Do you know what marketing activities were referred to here?

A No. No.

Q I take it this $10 million loan is the loan to which you previously referred you have seen mentioned in documents but you don't know whether this loan actually took place?

A From the standpoint of Triad American Corporation, we have no evidence that it did.

. Q No documents in the file of Triad American Corporation which would indicate it actually took place?

. A And I have asked the Khashoggis and Mr. Fraser if this loan was ever made, and they said no.

. Q They have actually said it was not made?

. A They claim it was not made.

. Q Who did you say you asked, you asked the Khashoggis?

. A I asked Essam Khashoggi, I asked Emanuel Floor, I asked Tariq Kadri, who were the board of directors at the time. I asked Don Fraser. They all said no.

. MR. EGGLESTON: Off the record.

. [Discussion off the record.]

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. BY MR. EGGLESTON:

. Q I have here a number, 1233. 1233 appears to be a draft of an agreement. When is the first time you saw this, if you recall?

. A I don't know if I have ever seen this draft other than when we produced the documents, but it looks like some documents I would have seen around March--or excuse me, May, April or May.

. Q Yes, probably when this was all--

. A Yes.

. Q Let me just ask you whether you have any knowledge of some of the deletions. Paragraph A on page 1233 has a sentence--the second sentence has been marked out. ''He may also have been a member of the Board of Directors of certain subsidiary corporations of Triad American corporations.''

. Do you know was Fraser ever appointed a member of the Board of Directors of any of--

. A No. Well, I know that he wasn't.

. Q You know he was not?

. A That is right.

. Q Was Earnest Miller ever appointed a member of the Board of any of the subsidiary corporations?

. A No.

. Q Ivan Burgess?

. A No.

. Q 599. This document, the first page of which is numbered 599, is a collateral assignment. I have only one question about this, and that is on page 606. It reflects a transaction, a transfer of shares of stock from Triad to Sarsuati International on March 10, 1986. Then immediately, apparently from Sarsuati International to Vortex, do you know the reason it was transferred from Triad to Sarsuati, then to Vortex, and not directly to Vortex.

. A No.

. Q Did you have any role in the preparation of these?

. A No, I did not.

. Q But this is a transfer of Triad International stock as opposed to Triad American stock--I'm sorry. It is a transfer of Triad American stock by Triad International to Trivert.

. A I have no knowledge of that.

. Q On page 72, the only question I have on this, the first page of which reads, ''stock pledge agreement,'' page 78, it is signed by Vortex Finance SA by--and does the signature appear to be the signature of Donald Fraser?

. A Yes, it looks like it.

. Q You are not certain, but it appears.

. A Yes.

. Q This is a document which reads ''Unconditional and Continuing Guarantee'' across the top. Let me just ask you, ''Does Triad American Corporation have outside auditors as well as your own internal staff?

. A We have had, yes.

. Q In 1986 did you have outside auditors?

. A We had no one doing actual work for us in 1986.

. Q In 1985, did you have outside auditors?

. A Yes.

. Q What is the reason you had outside auditors in 1985, but none in 1986?

. A We didn't pay them in 1985.

. Q So they ceased working for you?

. A Well, not exactly. They just won't issue the 1985 audit reports until we paid them the fees, nor would they complete the audit. However, we still had a relationship with them where we could ask them questions if they were questions.

. Q Who were the outside auditors?

. A Arthur Anderson.

. Q You worked with their office in Salt Lake City?

. A Yes.

. Q Did they ever complete the audit report for 1985--

. A No.

. Q --and certify it?

. A No.

. Q Was Arthur Anderson working as your outside auditors in 1984?

. A Yes.

. Q Did they do a certified report in 1984?

. A Yes.

. Q I take it no report was done for 1986 or at least none has been done yet.

. A No.

. Q Will one be done?

. A I doubt it.

. Q I don't think I have any other questions about this.

. If you can look at page 42, page 42 is a signature page for this document dated March 20, 1986. Who has signed on behalf of Triad American Corporation?

. A It looks like me.

. Q Is that you?

. A That is me.

. Q Okay, senior vice president.

. Page 43, obviously the signature of Triad American Corporation is you. Who has signed on behalf of Triad International Corporation, if you know?

. A It looks like Essam Khashoggi's signature.

. Q Essam?

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. A Essam, E-S-S-A-M.

. Q I don't believe this document at least gives his position with Triad International Corporation. Do you know what position he had with Triad International Corporation?

. A No, I don't.

. Q This is Document Number 86. First, let me just ask you. At the top in the address section, there is a reference to Fraser, Miller and Burgess, care of Jeffrey W. Mangum, listing an address in Salt Lake City. Who is Mr. Mangum.

. A Mr. Mangum is an attorney in Salt Lake City.

. Q Do you know which firm he is with?

. A Yes.

. Q Which firm is that?

. A Prince, P-R-I-N-C-E, Yeates, Y-E-A-T-E-S and G-E-L-D-Z-A-H-L-E-R.

. Q In the middle of this document--I will just read this sentence: ''The claims hereby waived are those based on possible breaches of fiduciary duty as a result of the Vortex directors hereafter taking otherwise lawful actions to cause Triad American Corporation to honor and comply with any agreements, notes, instruments or undertakings to which it is a party, in connection with a $21 million loan previously made to Triad American Corporation by Sarsuati International, in which the rights of Sarsuati had been assigned to Vortex, and in connection with a $9 million loan from Uro to Triad American Corporation to be made at or about the same time as this letter is executed, and a $10 million loan anticipated to be made by Vortex to Adnan Khashoggi and to be guaranteed by Triad American Corporation.''

. Let me just ask you: this makes reference to a loan made in the amount of $21 million Triad American Corporation by Sarsuati International. Was there ever a loan made by Sarsuati to the Triad American Corporation?

. A No.

. Q There was a loan made to Adnan Khashoggi in the amount of $21 million secured by Triad American?

. A I believe three loans were made.

. Q Which totaled $21 million.

. A Yes.

. Q This reference to the $21 million loan made by Triad American Corporation--

. A Is incorrect.

. Q --is incorrect.

. A That is incorrect.

. Q When is the first time you saw this document, if you recall?

. A I probably saw it in March.

. Q Around the time that it was executed.

. A I don't recall a specific date, though.

. Q This document I find a little confusing. This is a document in which Triad American Corporation waves claims it might have as against Vortex directors on behalf of a loan which actually Triad American did not receive; is that correct?

. A That is correct.

. Q I suppose it did receive part of the $9 million loan which is referred to.

. A Yes, it did.

. Q As to the $10 million loan, that was also not a loan which Triad American Corporation was going to receive.

. A That is right.

. MR. BAIO: This documentation talks about it being anticipated, made.

. MR. EGGLESTON: Right. I should--

. THE WITNESS: Which we have no reference to it ever having been made by--

. MR. EGGLESTON: Do you know the reason why this document was executed?

. THE WITNESS: Yes. I think it was executed in conjunction with the Vortex, and your own people disengaging from the management and wanting to protect themselves from any liability which they may see coming because of their failure to fund additional monies to Triad Corporation.

BY MR. EGGLESTON:

Q Did you have any role in drafting this agreement?

A No, I didn't.

Q Do you know the reason it makes the mistake about the $21 million loan being made to Triad American Corporation?

A No.

Q Let me just ask you, I wonder, from your last response, the response about the disengagement, this may not be significant, but the dates seem slightly off. The date of this is March 20, 1986. Had they started--for example, I think the very first document I showed you in this document stack, the board of directors meetings where Fraser was actually elected, was dated March 20.

Had they started to--

A I thought it was actually March 6 was the first.

Q There were many documents dated March 6. I think that the Board of Directors meeting may have actually taken place on March 20.

A May have.

Q Had the disagreements started to your recollection by March 20?

A Yes.

Q So they started fairly early on.

A I would say that the disagreements between management and the new people started before they came.

Q Do you know how long this decision to bring in other people to do the management had been under negotiation?

A No, I do not.

Q How soon or how early prior to they came had the disagreements begun?

A I am assuming that because there was a very hostile attitude the day they walked in.

Q Did you know Fraser, prior to the time--

A No.

Q --prior to the time he walked in the door essentially? It must have been around March 6, I suppose.

A No.

Q Do you know Miller or Burgess, the other Miller or Burgess.

A No.

Q I just have a couple left, and I will go quickly. 1120, this is a document which appears at least to be, the top indicates it is based on negotiations of April 21, 1986.

Did you attend that meeting?

A No.

Q Do you know who attended that meeting?

A No.

Q Do you know when you first saw this?

. A I probably first saw this at the production of documents from our attorneys within the last two weeks.

. Q Do you know who prepared this?

. A No, I don't. I have never seen identification on here except there is a reference on the last page to 8919-D, which looks suspiciously like an attorney's number they would have on their word processing machine.

. Q They have been known to do that. This makes a reference at the very beginning in paragraph A on page 1120 to ''Vortex shall have no obligations to fund the $10 million loan or anymore of the $9 million loan.''

. The $9 million loan was the loan out of which approximately $1,760,000 had been funded. Is that correct?

. A Yes.

. Q The other reference to a $10 million loan, do you know which loan that is referring to?

. A No.

. Q And is it your understanding that the reason that the rest of the 9 million was not funded was the management difficulties had arisen and Fraser and Miller were leaving the company?

. A That is correct.

. Q 944. This is a document which is titled at the top--I will wait until you have it in front of you.

. I am looking at 944. This document, in the end of it, 951, 52, 53 through 58 are a series of signature pages. Is it your understanding these were eventually signed by all the parties when this was executed?

. A I would presume so, although I have not seen all of the signatures. I would have to go through here. It looks as if on subsequent pages people have signed on different pages.

. Q Let me direct your attention--the only real question I have about this document is on page 946, the paragraph listed 4, ''reimbursement and payment of expenses.'' It makes reference to Triad reimbursing Vortex Uro for various expenses, and the last sentence reads as follows: ''Such fees and expenses shall not include any fees or expenses incurred by Vortex Uro in connection with a recent agreement entered into in April of 1986 by Vortex to advance to Adnan Khashoggi.''

. Do you have any reference to the apparent agreement that is made reference to in this document?

. A No.

. Q The other agreement by Vortex to advance Adnan Khashoggi $10 million was dated March 10, 1986. Do you know if this is a different agreement?

. A I have no idea.

. Q You have no knowledge of this at all?

. A No.

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Q You had indicated before, as to the other $10 million you had asked various people if the loan had actually been made. Have you asked anybody whether this loan has been made?

A I have not differentiated between two different $10 million loans. I just asked if the $10 million loan had been made, and the answer I got was, no.

Q So you don't know whether this is referring to the same loan as the other, or if it is different?

A It may be different, but again, it may be the same. I found inconsistencies in some of the documents.

Q Page 818. Actually, I am only going to ask a question about the top page. Who is Mark Rinehart?

A Mark Rinehart is an attorney for the law firm of Parsons, Behle & Latimer. They, at this point in time, were doing the work for Triad, or represented Triad.

Q And the documents beginning at 845, they were clipped in my version--

MR. BAIO: 845?

MR. EGGLESTON: 845. I will ask him about 848. This is another document that appears to be made during the course of the disengagement. Let me just ask you whether the following is a mistake as well.

The last sentence makes reference to ''with respect to the amendment which has been funded, however, TAC agrees

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that it shall be repaid according to the terms of the promissory note previously executed by TAC, although the parties acknowledge and agree that only the actual amendment funded plus interest shall be repaid''.

. I assume the reference to TAC agrees it shall be repaid, it must refer to--

. THE WITNESS: The $1,760,000.

. BY MR. EGGLESTON:

. Q Yes. But it also must refer to Uro, not to TAC.

. A Just a minute.

. Triad American Corporation is to pay Uro the amounts because Triad American has--

. Q The ''T'' refers to Uro?

. A Yes, let me see it just to make sure.

. It is to Uro and that ''T'' refers to Uro shall be repaid. The note is to Uro.

. Q 887, it is titled, ''Agreement,'' at the top. Paragraph 1, which starts at the bottom of page 887 and continues to the top of 888, provides that Triad-Khashoggi is going to sell substantially all the assets of Triad American Corporation, and this document is signed--

. A The other page.

. Q On page 889 there are signatures. The signature at the bottom, Triad International Corporation by managing director, does it appear to you to be the signature of Adnan

Khashoggi?

. A Yes. It could be.

. Q At the top of 890 there is a signature for managing director. Do you recognize that signature?

. A Essam Khashoggi, it looks like.

. Q Is that a signature--I am sorry. You had better leave that in front of him. Also Adnan Khashoggi is signing. Is he signing on behalf of Elk International Corporation or is he signing on his own behalf? I guess he is signing on his own behalf.

. A I guess. I don't know. I would have to read the document to see if it calls for his signature.

. Q Actually he is a named party on the document.

. Do you know whether this agreement was executed? I am sorry--do you know whether this agreement was put into effect? Did Triad American Corporation begin to sell the assets of Triad American Corporation?

. A To date it has not sold any of those assets, but in terms of continuing the function of the companies, certain assets will have to be sold.

. Q But as of now, at least, it has not yet, or obviously now--

. A As of today, no.

. MR. BAIO: I think you are construing this agreement as an agreement to sell.

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. Maybe it is an agreement upon the sale there will be a certain distribution of assets, but I am not sure this is an agreement to sell. I am looking at it--

. MR. EGGLESTON: I get you. So what you are suggesting is that this may be an agreement that if it is sold they have an obligation.

. MR. BAIO: It may be. That is certainly an interpretation that can be given to the document.

. BY MR. EGGLESTON:

. Q Do you know when you first saw this document?

. A No.

. Q Do you know whether it was near the 23rd of May or whether it was closer to two weeks ago?

. A It was probably closer to two weeks ago.

. Q I just have a couple more questions. Let me ask you whether you know of some other names, whether you know some other people, and when I say, no, I am asking whether you have met them, not whether you have read their names in the newspapers during the last two months or so.

. Do you know a man by the name of Oliver North?

. A No.

. Q Do you know a man by the name of Admiral Poindexter?

. A No.

. Q Do you know a man by the name of Mr. Ghorbanifar?

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. A No.

. Q Do you know a man by the name of Richard Secord?

. A No.

. Q Robert Gadd.

. A No.

. Q Richard Gadd. Do you know Robert Dutton.

. A No.

. Q Do you know a guy by the name of John Singlaub?

. A No.

. Q Do you know Cyrus Hashimi?

. A No.

. Q Willard Zucker?

. A No.

. Q Thomas Clines?

. A No.

. Q Edwin Wilson?

. A No.

. Q William Langton?

. A No.

. Q Have you had any involvement in arms transactions?

. A No.

. Q Have you had any involvement in shipping material to [redacted]?

. A No.

. Q Do you have any knowledge from your employment at

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Triad American Corporation of arms shipments to Iran?

A No.

Q Or funding of the contras [redacted]?

A No.

Q Or in Central America?

A No.

Q I had saved this for the end and let me just go through this. I will not read this whole thing. I want to be sure you produced everything you were asked to produce pursuant to the--I am sorry. I have one more stack of stuff. This will just take a second. You produced, pursuant to the subpoena, a number of other documents relating to other transactions, all of which were substantially earlier than this.

A Yes.

Q The first is number--

A Let me tell you why they were produced.

Q Why don't you tell me why they were produced?

A They were produced because the security which was given on the Uro note, and also on the Vortex note, the security that was given were second liens against various buildings that subsidies of Triad American Corporation owned.

In order to get those liens, we had to go back to the original lenders and get their--in most cases get their

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consent to put the liens on and what you see here are the notes that represent the first liens, the first mortgages on those various buildings.

. Since it impacted, it was related to those documents, we produced them.

. Q Let me take a look at them. My basic question, when I was done, was why did you give these to us?

. A That is why.

. Q Let me take a look at them and see if there is any question I want to ask about each of them individually. The first is Number 669, 664, 639, 644, 685, 607, 674, 83-83 seems to be out of order.

. Why don't I take a second. Let me just go through the subpoena with you, and then I will be through with you. There is an attachment to the subpoena, which is a subpoena duces tecum. I will not read everything since it will be part of the record.

. Paragraph 1 makes reference to all materials relating to arms transactions and lists a number of different individuals and corporations. I take it you have supplied everything that Triad American Corporation has with respect to that.

. A Triad American has nothing with respect to that.

. Q ''B'' refers to hostages. I take it you have nothing with respect to that.

. A Nothing.

. Q ''C'' anti-government forces in Nicaragua.

. A We have nothing.

. Q Paragraph 2, I take it, is substantially part of this subpoena that you responded to in producing all the material that you produced today, which is all materials related to Adnan Khashoggi and various individuals.

. I guess there is another section that probably deals with financial transactions and loans as well. You have searched the files and produced everything which relates to paragraph 2.

. A That is correct.

. Q Paragraph 3 refers to passports, appointment books, calendars or diaries that relate to Adnan Khashoggi from 1984 to 1985.

. A We have none of those.

. Q Paragraph 5, documents sufficient to identify all bank accounts and all telephone numbers used by respondent, which is--

. A We produced those.

. Q --which are documents you produced to us in the first 22 pages or so. Copies of all materials provided to other law enforcement agencies. I take it you have nothing in response to that.

. A No.

. Q Because you indicated to me you had not been contacted by other law enforcement agencies.

. A That is correct.

. Q All statements, check deposit slips for accounts in Saudi Arabia, Switzerland--I guess you have responded with documents relating to the one Cayman Islands account. There is a second Cayman Islands account.

. A That is right.

. Q Do you have anything--

. A We have not received any documents on that account. We just recently opened it up and the reason we opened it up is an account--we have had cash given to us for operations. It has been given to Triad Energy Corporations, and it is being funded out of the Cayman Islands as part of the purchase--it was originally a purchase agreement between Sky High Resources and Triad Energy, who purchased the energy assets.

. As part of that agreement, there was some cash to be funded to Triad for that. It was to go to Triad Energy, so we set up an account for that cash to come into Triad Energy.

. Q How recently was that account established?

. A It was probably within the last month, maybe within the last two months. Very recently.

. Q I just wasn't sure I quite understood. Sky High is buying part of Triad Energy?

. A It was going to buy the assets of Triad Energy, which is the stock--that was challenged by some of the creditors of Triad, various entities of Triad. A temporary restraining order was issued and about two weeks ago the parties to that agreement decided not to do it.

. Q Is that account now empty?

. A I believe it is.

. Q Did you have to return the cash to Sky High?

. A No. We used it. They are new a creditor.

. Q Do you know who--Sky High is a corporation?

. A Yes.

. Q Do you know who the shareholders of Sky High are?

. A No.

. Q Do you know who the officers are?

. A No.

. Q Do you know who the operating officers of Sky High are?

. A I think the President is Ron Philips. But that is as much as I know.

. Q Does Don Fraser have anything to do with Sky High?

. A I believe he owns stock in it. I have read it in the paper.

. Q Burgess?

. A I have no idea.

. Q I suppose just to be complete, when you get those, if you would send those to us, I would appreciate it.

. The organization chart--you have provided us with various information. We appreciate that. That was paragraph 7. Paragraph 8, documents sufficient to identify all foreign and some subsidiaries, affiliates and various other things.

. We have gone over the list of bank accounts. I take it that substantially identifies the affiliates, associates in various subsidiaries of Triad American?

. A I thought we sent you a list. They are all U.S. corporations.

. Q I don't think we got a list of the affiliates.

. MR. BAIO: I will double check on that.

. MR. EGGLESTON: Okay.

. THE WITNESS: There are no former affiliates.

. BY MR. EGGLESTON:

. Q Paragraph 9 records, of all financial transactions, loans involving Khashoggi--you have produced a number of documents related to that. I take it the documents you produced are all the documents.

. A All the documents.

. Q All material relating to so-called international marketing efforts--

. A We have nothing.

Q And I have nothing further.

MR. VAN CLEVE: With your indulgence, I would like a brief conference with my colleague.

THE WITNESS: Sure.

[Discussion off the record.]

MR. VAN CLEVE: Back on the record.

I want to acknowledge the fact that you have been here for some four hours this morning, and as you have testified, you have had a lot of other obligations. I want to thank you for your appearance. I have no questions.

[Whereupon, at 1:15 p.m., the deposition was adjourned.]

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DEPOSITION OF HENRY SCOTT MILLER
Thursday, August 6, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

4257

The committee met, pursuant to call, at 9:00 a.m., in Room 2237, Rayburn House Office Building, Thomas Fryman (Staff Counsel of House Select Committee) presiding.

On behalf of the House Select Committee: Thomas Fryman, Staff Counsel; and Kenneth R. Buck, Assistant Minority Counsel.

On behalf of the Senate Select Committee: Henry J. Flynn Investigator.

Partially Declassified/Released on 1/19/88
under provisions of E.O. 12356
B. Reger, National Security Council

[redacted] NO. 1 OF 2 COPIES

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Whereupon,

HENRY SCOTT MILLER

having been first duly sworn, was called as a witness herein, and was examined and testified as follows:

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. FRYMAN:

Q Okay, on the record now.

Would you state your full name for the record?

A Henry Scott Miller.

Q Who is your employer, Mr. Miller?

A Goldman Sachs.

Q And where are you located?

A 85 Broad Street, New York.

Q What is your position with Goldman Sachs?

A I am in the investment banking business.

Q Do you have a title?

A I am a vice president.

Q How long have you been located at the office in New York?

Q One year.

A And prior to going to New York, where were you located?

A In Philadelphia.

. Q Also investment banking in Philadelphia?

. A In security sales.

. Q How long where you employed by Goldman Sachs in Philadelphia?

. A Approximately--I guess nine years ten years--roughly.

. Q Have you been employed by Goldman Sachs a total of approximately 11 years?

. A Yes.

. Q Where did you obtain your undergraduate degree?

. A Williams College.

. Q What year?

. A '71.

. Q And did you attend graduate school?

. A Yes.

. Q Where?

. A Wharton.

. Q And did you receive a degree.

. A Yes.

. Q And what was that?

. A M.B.A.

. Q And what year was that?

. A '77.

.- Q And did you go to Goldman Sachs after obtaining your M.B.A.--immediately after obtaining--

. A I went to Goldman Sachs in '76.

. Q While you were a student at Wharton?

. A No. I completed my course work. I was--my degree came in '77 so I had to finish my paper or whatever--masters paper, or whatever.

. Q Have you served in the military?

. A No.

. Q During the period between college and graduate school?

. A Uh-huh.

. Q Where did you work?

. A Morgan Guaranty Trust.

. Q In New York?

. A Yes.

. Q And was that from '71 to '74?

. A No, from '72--through '74.

. Q And what did you do with Morgan Guaranty?

. A I was in consulting group called ''Client Finances.''

. Q What did that work involve?

. A Involved consulting with companies on cash management.

. Q What is your date of birth?

.- A 9-7-49.

. Q And your social security number?

privacy

. A [redacted]

. Q Have you yourself, Mr. Miller, ever contributed any money to any individual organization for any purpose related to Nicaragua or Central America?

. A No.

. Q Have you ever been involved in any way in raising funds for others for such purposes?

. A No.

. Q Do you know an individual named John Hirtle?

. A Yes.

. Q That is--

. A H-I-R-T-L-E.

. Q Who is Mr. Hirtle?

. A He is a security salesman at Goldman's Philadelphia office.

. Q And you worked with him in the Philadelphia office?

. A Yes.

. Q Did he report to you?

. A No.

. Q What was your working relationship? Were you in the same area?

. A He was my partner.

. Q What does that mean?

.- A We shared accounts and split compensation.

. Q Do you know an individual named Clyde S-L-E-A-S-E?

. A Yes.

. Q Who is Mr. Slease?

. A He is a private individual in Pittsburgh.

. Q Did he serve as counsel to the Scaife family for a period in Pittsburg?

. A Yes.

. Q Was Mr. Slease a client of yours?

. A Yes.

. Q And was the Scaife family or their foundations also clients of yours.

. A Their foundation was a client, not the family.

. Q Now, did you ever have the occasion to discuss Nicaragua or Central America with Mr. Slease?

. A Yes.

. Q Was that on more than one occasion?

. A Yes.

. Q Approximately when was the first time that you recall that you discussed Central America or Nicaragua with Mr. Slease?

. A I can't recall except--only very generally can I recall.

. Q Do you recall the year?

. A Even that is a guess. '85--'85 I would guess--'86.

.- Q All right. Was the first time you had such a conversation with Mr. Slease over the telephone or in person?

. A I don't recall.

. Q Do you recall the substance of the conversation?

. A I don't.

. Q But you do recall a discussion about Nicaragua or Central America with Mr. Slease?

. A Yes.

. Q And there was more than one discussion with him?

. A Yes.

. Q Describe as best you recall, what was said between you and Mr. Slease about Nicaragua and Central America--in the series of discussions?

. A Supply that--the contras needed support. That was basically--that was it.

. Q Well, did he ask you to do anything?

. A No.

. Q Did he ask Mr. Hirtle to do anything?

. A I don't know.

. Q What was your understanding of the reason he raised this subject with you.

. A I know, through the course--assume he felt I could be useful.

. Q By raising money?

.- A Right.

. Q Did he ask you to raise money?

. A No.

. Q Did he ask you to talk to anyone else about raising money?

. A No.

. Q Why do you assume that he felt you could be useful by raising money?

. A In the course of my business I know a lot of very wealthy people.

. Q Did he say anything that specifically--that made you think he had--raising funds in mind, when he raised this subject with you?

. A No.

. Q Did he mention that he had been asked by anyone in the Administration to raise funds with respect to Nicaragua or Central America?

. A No.

Excuse me.

[Witness consults with his attorney.]

. THE WITNESS: The context of these answers is my conversations with--I was not talking with--my conversations with Slease were general--was no--I was notified as someone who was in a primary way involved with contra things. My discussions--you know, were general with John Hirtle.

. BY MR. FRYMAN:

. Q When you spoke with Mr. Slease were there other subjects also discussed in your conversation other than

Central America and Nicaragua--the conversations that you had with Mr. Slease, that you recall, where the subject of Nicaragua or Central America was raised in those conversations, was that just one subject among a number of others that were covered in those conversations or was that the only subject covered?

. A No, they were--they were never part of a conversation which was set up to discuss contras in Nicaragua. References would have been passing references, in a conversation about whatever else--other issues somebody might talk with on a friendly basis.

. Q Was this in the context of business discussions that you were having with Mr. Slease about your relationship with him as a--as a representative of Goldman Sachs selling securities?

. A No.

. Q Or would it have been--

. A Just in passing. I had no real business. I never had business discussions with him, except very rare occasions.

. Q I thought you indicated he was a client of yours?

. A It was--it is a minuscule--it was a minuscule account. There was nothing to--to discuss.

. Q Is he a personal friend of yours?

. A Yes.

. Q Did that personal friendship grow out of the client relationship, or was there some other basis for it?

. A He was never directly a client. He never--he in the structure he has nothing to do with--had nothing to do with the foundation.

Being an associate with the organization, however, it grew out of my association with the foundation, the client relationship.

. Q And you got to know him through his association with the foundation.

. A I got to know him through is association with the Scaife family which was involved with the foundation?

. Q Right, in other words, you hadn't known him from school or from childhood?

. A Correct.

. Q You had got to know him professionally, and than through the professional relationship you became a friend of his? Is that a fair summary?

. A That is correct.

. Q And you had a number of conversations with him where the subject of Central America or Nicaragua was included in the conversation, but it was not the central subject of any conversation; is that correct?

. A That is correct.

. Q And he never specifically asked you individually to

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raise funds for Central America?

. A Right--that is correct.

. Q I believe you also indicated you are--let me ask you. Are you aware that he was having conversations with Mr. Hirtle with respect to Nicaragua and Central America?

. A Yes.

. Q Now, did you learn that from Mr. Hirtle, or from Mr. Slease?

. A From Mr. Hirtle.

. Q Are you aware that Mr. Slease asked Mr. Hirtle to assist in raising money for some organization related to Nicaragua or Central America?

. A I don't--I don't know.

. Q Are you aware that Mr. Hirtle undertook any fundraising efforts for any organizations related to Nicaragua or Central America?

[Client consults with his attorney.]

. THE WITNESS: There was never--reason I asked the question--there was no--there was no occasion of raising money for an organization.

I did know of a--being asked to raise money in general in support of the contras, but an organization was never identified.

. BY MR. FRYMAN:

. Q Again this information is coming from Mr. Hirtle to you?

A Right [redacted]

Q Now, are you aware of any efforts undertaken by Mr. Hirtle to raise funds--

A Yes.

Q --with respect to Nicaragua?

What are you aware of?

A I am aware of--a meeting in Philadelphia.

Q Anything else?

A No.

Q Are you aware that Mr. Hirtle went to Washington for a meeting at the White House?

A Yes.

Q Did you accompany him?

A No.

Q When did he tell you about that meeting?

. A It would have been sometime around--sometime around that meeting. I don't remember what date that was, but it would have--he would have--you know, we were partners so if he left the office, he would have told me before he left and after he came back, so it would have been--than that he told me.

. Q He told you in advance of the meeting that he was going?

. A Yes.

. Q Were you asked to attend that meeting also?

. A No.

. Q Who would he tell you he was going to meet with?

. A I don't remember.

. Q Did he mention any names with respect to that meeting?

. A Yeah.

[Witness consults with his attorney.]

. THE WITNESS: I don't exactly recall.

. BY MR. FRYMAN:

. Q Let me try some specific names. Did he mention the name of Colonel North?

. A He mentioned the name Colonel North at different times. I can't recall him mentioning Colonel North's name specifically in terms of the White House.

. Q Or specifically in advance of the meeting that he was going to meet with Colonel North?

. A Right, I don't remember that specifically, the name of Colonel North obviously came up.

. Q Did he mention Mr. McFarlane?

. A He did not mention McFalane, his name never came up.

. Q Did he mention Roy Godson?

. A Yes, but again not in connection with the meeting at the White House.

. Q What did he say about Roy Godson?

. A Only that he had been put in touch with him.

. Q By whom?

. A By Terry Slease.

. Q [redacted]

. Q What did Mr. Hirtle say when he mentioned Mr. Godson's name? What did he say about he reason he had been put in touch with Mr. Godson?

. A Other than that it had to do with Nicaragua, nothing. It was--excuse me. Following through on your suggestion before. I want to make--if the context may be helpful, I sat about five feet away from John Hirtle in an open, no office partition space. So sort of continual free flow of information--you know, just back and forth.

You have been in a brokerage office before?

MR. FRYMAN: Off the record.

[Discussion off the record.]

MR. FRYMAN: Back on the record.

BY MR. FRYMAN:

Q Continue.

A Okay.

So I have--you know. lot of fragmentary things which were yelled across back and forth.

Q So one of the fragmentary items was that Mr. Hirtle mentioned Mr. Godson's name?

A right.

Q And did he say he had met Mr. Godson?

A I don't remember whether he specifically said he had met him.

Q All right.

And another item that was mentioned was that he was going to Washington to meet someone at the White House?

A Right.

Q And at some point Colonel North's name was mentioned?

A right.

Q After the meeting at the White House did Mr. Hirtle describe the meeting to you?

A No.

Q Did he ask you to do anything after the meeting?

. A No.

. Q Now, you mentioned another meeting in Philadelphia that you participated in, I believe?

. A Right.

. Q Would you describe that meeting and how you came to participate in it?

. A Okay.

I was told that Colonel North was coming up to Philadelphia. I was asked if I had any people who might be interested in meeting him. This is by John Hirtle I was asked.

. Q Is that it. I mean was that how the subject came up?

. A Right.

. Q Did you have any people interested in meeting him?

. A No people that were--no, no.

. Q So you didn't arrange for anyone you knew to attend the meeting with Colonel North in Philadelphia?

. A Correct--correct.

. Q But you attended such a meeting? You attended a meeting with Colonel North in Philadelphia?

. A Right.

. Q And Mr. Hirtle attended?

. A Right.

. Q Who besides you, Colonel North and Mr. Hirtle attended that meeting?

. A [redacted] I figured this thing out earlier and then I promptly forgot it. [redacted]

. REPORTER: Please spell

. THE WITNESS:

. BY MR. FRYMAN:

. Q And [redacted] is spelled?

. A [redacted] I believe.

. Q Now, did you know those individuals before the meeting?

. A Yes.

. Q In what capacity?

. A They were shared clients--well, I am not sure that [redacted] was a client.

As a matter of fact, I am not sure [redacted] was a client at that point. Whatever, they were shared contacts of others.

. Q Do you know how they came to attend this meeting?

. A I don't know.

. Q You didn't invite them?

. A I didn't invite them.

. Q Is it your understanding that Mr. Hirtle invited them?

.- A I don't know.

. Q Did Mr. Hirtle explain to you why he was asking you to attend that meeting?

. A Only because I was--I had expressed sympathy towards the cause.

. Q Do you recall the date of this meeting?

. A I do not.

. Q What year was it?

. A I don't even recall that, but I am guessing. I don't recall--'85,86.

. Q How long did the meeting last?

. A I would guess about three hours.

. Q And it was at the racquet club?

. A Yeah.

. Q What did he say--as you recall?

. A He--talked about efforts for the Soviets to arm--provide arms to the Sandinistas in the presence of foreign advisers, Nicaragua. Described the contra cause.

[redacted]

. Q Did he ask for contributions?

. A No.

. Q You seem very specific in that answer no. Is there something that makes you very sure that he did not?

. A Yeah.

He--he just did not, emphatically did not.

.- Q Had you been told in advance that he would not ask for contributions?

. A No. I was glad he did not.

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. Q Why was that?

. A I was glad he did not?

. Q Yes.

. A It would have made me uncomfortable had he.

. Q Why?

[Witness consults with his attorney.]

. A Just would not seem like an appropriate role.

. Q Why not?

. A My gut feeling. That is all.

. Q [redacted]

. Q What did you understand Mr. Hirtle had been asked to do?

. A Raise money for humanitarian aid in general.

. Q All right.

Than you understood the purpose of this meeting was to raise money for humanitarian aid; is that correct?

. A Yes.

PRIVACY

. Q And that is why [redacted] were invited to this meeting and that is why Colonel North came up from Washington and spent three and a half hours talking

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to these gentlemen; wasn't it--I mean that is what you assumed; wasn't it?

. A Yes, that is what I assumed.

. Q Well, weren't you th~~a~~en surprised after spending three and a half hours that he didn't ask for a contribution?

. A No, I was not particularly surprised.

. Q Well, didn't that seem like a great waste of time for everybody?

. A People came away educated about something they were not educated about before and--I--his role was never billed to him as a fundraiser.

. Q How was his role billed to you?

. A As someone who was concerned about getting the story across.

DCMN DANIELS

. Q Who did the billing? Mr. Hirtle?

. A I guess so, yes.

. Q Who do you recall?

. A I don't specifically recall, given I had conversations with Mr. Hirtle, probably Mr. Hirtle.

. Q After Colonel North left, did Mr. Hirtle ask [redacted] [redacted] for a contribution?

. A No.

. Q There was no mention of a contribution on that occasion?

. A No.

. Q Was there later to your knowledge?

. A They did not stay after Colonel North left.

. Q They left at the same time?

. A [redacted] left before Colonel North left and [redacted] left coincidentally.

PRIVACY

. Q Now did you have any discussion with either [redacted] [redacted] afterwards about their making a contribution?

. A No.

. Q Do you know if Hirtle did?

. A I don't know.

. Q Do you know if they made a contribution?

. A I do not know.

. Q Have you ever received any information of any sort relating to whether or not they made a contribution?

. A No.

. Q No one has ever told you anything about a contribution by [redacted]

PRIVACY

. A Yes. I was told by someone in passing that [redacted] had made a contribution.

. Q Who told you?

. A I do not remember specifically.

. Q Do you remember generally?

. A I don't remember generally. It would have been--I don't remember specifically. It would obviously have been someone who--I don't know who it was is the answer. I can't remember.

. Q Was the amount of the contribution mentioned?

. A Yes.

. Q How much?

. A $60.000.

. Q Were you told how he made this contribution?

. A No.

. Q How did the subject come up?

. A It was just in passing.

. Q Was the Hirtle who told you that?

. A I don't remember.

. Q What about a contribution by [redacted]

PRIVACY

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. A I don't know of any contribution by [redacted]

. Q Do you know of any other contribution that grew out of this meeting with Colonel North?

. A No.

. Q Do you have any information about any contribution that grew out of that meeting?

. A No.

. Q Now, did you ever participate in or attend any other effort with respect to raising money for any individual or any organization for any purpose relating to Nicaragua or Central America?

. A No.

. Q Mr. Miller, do you know Roy Godson?

. A Yes.

. Q When did you first meet him?

. A April 1986.

. Q How did you first meet him?

. A I met him at the embassy in Zurich, U.S. Embassy in Zurich. I met him in person then. I had spoken to him on the phone, met him by phone probably a month before that, March, February of 1986.

. Q What was the reason you had spoken to him by phone in March or February of 1986?

. A I had been asked to see if I could interest Europeans in a program to counter Soviet disinformation in

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Pages 23, 24, 25, 26 and 27

DENIED IN

TOTAL

[not relevant]

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[redacted]

Q Was there any discussion of Nicaragua at the dinner?

A No.

Q Any discussion of raising funds in any way relating to Central America?

A No.

[redacted]

Q Do you know if any of your friends that you arranged to be invited to that dinner contributed any funds relating to Nicaragua or Central America?

A I have no idea.

Q You have no knowledge of that?

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A No.

Q Or no information relating to that?

A Right.

[redacted]

PRIVA-2 (pers)

UNCLASSIFIED

UNCLASSIFIED

Pages 30 and 31

DENIED IN

TOTAL

UNCLASSIFIED

[redacted]

Q At this dinner in October of 1986, was there, to your knowledge, any discussion of Nicaragua or Central America [redacted]

A No.

[redacted]

(NOT REL)

Q Mr. Miller, in advance of this deposition, I spoke

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with your attorney about any documents that you had in your files that related to Mr. Godson?

A Right.

Q Before the deposition this morning, your attorney provided to us a group of materials. Are those materials everything in your files that you have that relate to Mr. Godson in any way?

A Yes. To the best of my knowledge, that is it.

MR. FRYMAN: For the record, I will just briefly identify the materials that have been produced. Can we mark the inventory as an exhibit?

Off the record.

[Discussion off the record.]

MR. FRYMAN: Back on the record.

I ask the reporter to mark as Miller Deposition Exhibit 1, a two-page inventory of documents relating to Roy Godson which have been made available by counsel for Mr. Miller to representatives of the House and Senate Committees this morning.

[The document marked Exhibit No. 1 follows:]

********** COMMITTEE INSERT *********

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BY MR. FRYMAN:

Q Mr. Miller, I have reviewed the materials that you and your counsel have provided and I believe everything in this package is included in this inventory with the exception of a cover sheet describing the Institute for International Studies located at 5229 King Charles Way, Bethesda, Maryland, 20814.

Now am I correct that this inventory identifies all of the materials in your file that relate to Roy Godson?

A Yes.

Q Mr. Miller, have you ever met Oliver North?

A Yes.

Q You met him at the meeting in Philadelphia?

A Right.

Q Have you ever met him on any other occasion?

A No.

Q Have you ever met Thomas Dowling?

A No.

Q Have you ever met Robert Owen?

A No.

Q Have you ever met John Poindexter?

A No.

Q Have you ever met William Casey?

A No.

Q Have you ever met John Whitheead?

. A Yes.

. Q Who is he?

. A A former senior partner in Goldman & Sachs.

. Q And Mr. Whitehead is now an official in the State Department?

. A Right.

. Q When did you meet him?

. A In 1987 when I joined Goldman & Sachs.

. Q Did you have occasion to meet him on other occasions through the years?

. A Periodically, yes.

. Q Have you ever had any discussion with Mr. Whitehead about Nicaragua or Central America?

. A No.

. Q Have you ever had any discussion with Mr. Whitehead about Roy Godson?

. A No.

. Q Have you ever had any discussion with Mr. Whitehead about Soviet disinformation?

. A No. I have never had any political discussions with Mr. Whitehead. I will make it simple for you.

. Q Have your discussions with Mr. Whitehead generally been limited to matters of finance?

. A Yes, purely business.

. MR. FRYMAN: Mr. Miller, I have no further questions. My colleague Mr. Oliver may have some questions at this time.

EXAMINATION ON BEHALF OF HOUSE SELECT COMMITTEE

BY MR. OLIVER:

[redacted]

NOT PPC

UNCLASSIFIED

Pages 37 through 43

DENIED IN

TOTAL

[not relevant]

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[redacted]

MR. DANZIGER: Don't you think at this point we are getting a bit far afield? Mr. Miller, whether you agree or not, is permitted to have interests beyond his family and his employment which have nothing to do with the subject of the committee's investigation.

MR. OLIVER: That is what we are trying to determine. I will try to be a brief as possible.

MR. DANZIGER: You are asking him about his beliefs, isn't that offensive?

MR. OLIVER: I am not trying to be offensive. I am trying to determine his association with Roy Godson.

MR. DANZIGER: He told you several times now.

MR. OLIVER: He also told me earlier that he attended two dinners and now it turns out he has attended three. I would like to establish for the record exactly what it is all about.

MR. DANZIGER: Please do that and let's not interfere with his position or political beliefs.

MR. OLIVER: I will ask the questions, Counsel.

MR. DANZIGER: You may not be able to because we may object.

MR. OLIVER: I understand. That is your right.

MR. DANZIGER: You are going a tad far afield in an offensive manner.

MR. OLIVER: I am sorry you are feeling that way, but I am trying to ask the questions that I think are important to this deposition.

MR. DANZIGER: What relevancy does his position on disinformation with the Soviets have to do with it?

MR. OLIVER: I didn't ask him that. I asked him about his experience.

MR. DANZIGER: You asked him what he knows about Russia.

MR. OLIVER: I asked him what his background was on Soviet disinformation.

MR. DANZIGER: Does that have anything to do with this deposition?

MR. OLIVER: I don't know yet.

MR. DANZIGER: The subpoena talks about Central America and Nicaragua.

MR. OLIVER: If you would let me ask the questions, I think you will see what relevance it has.

MR. DANZIGER: Please ask the question.

BY MR. OLIVER:

Q In this Soviet disinformation activity in which you became involved with Mr. Godson, was the discussion of U.S. policy in Central America or Soviet policy in Central America and how these subjects related to European public opinion discussed?

A No.

Q It was not?

A It was not.

NOT REL

[redacted]

Q But not Nicaragua?

A Not Nicaragua.

Q It was never brought up?

A Never brought up.

Q Could I ask you about the meeting in Philadelphia that you mentioned earlier? I believe that meeting took place at the Racquet Club; correct?

A Yes.

Q Are you a member of that club?

A I was not. I am not anymore.

Q So you arranged for the room at the Racquet Club; correct?

A Right.

Q When Mr. Hirtle asked you to arrange for the room, did he ask you to arrange for a private dining room or a table in the main room?

. A It was not a dining room. It was a private room.

. Q Mr. Hirtle asked you to arrange for a private room?

. A He asked me to arrange for a room. It turned out it was not a private room.

. Q Did he tell you what the purpose was in having a private room?

. A It was not a private room.

. Q But you said he asked you to arrange for a room. Did he tell you what the purpose of the dinner was going to be at that time?

. A I don't mean to be nitpicking. It was not a dinner.

. Q It was a meeting?

. A Nobody ate.

. Q Did you indicate earlier you were there about three hours?

. A Right.

. Q And nobody ate dinner?

. A Ollie is a dedicated guy from what I understand.

RPTS MAZUR

DCMN DANIELS

A The meeting was held in two separate sessions, one with--one with--only four of us present at any point in time.

Q So the four in the first meeting would have been [redacted] and you and Mr. Hirtle and Colonel North and the second meeting, [redacted] instead of [redacted]

PRIVACY

A Right.

Q Did Mr. Hirtle indicate to your prior to the meeting that Mr.--Colonel North would not ask for money at the meeting and that money should not be mentioned at the meeting?

A No, he didn't--it didn't come up.

Q Did it strike you as unusual for Colonel North to come all the way to Philadelphia to talk to two people?

A I don't know.

MR. DANZIGER: He can't discuss what is unusual. Why don't you ask him questions that he can answer.

BY MR. OLIVER:

Q Your statement is that Mr. Hirtle did not indicate to you that Colonel North was not supposed to ask for money.

A Right.

Q But you had said earlier that it was your--you thought it was inappropriate and that is why you thought he hadn't asked for money.

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. A That I thought it was inappropriate.

. Q I think you responded to Mr. Fryman's question that you thought--

. A Yes.

. Q You mentioned that you heard in a conversation in passing that [redacted] contributed $6,000 to--to what?

PRIVACY

. A Towards humanitarian aid.

. Q Towards humanitarian aid?

. A I would--that is not correct. I don't know to what, is the answer.

. Q When did this conversation in passing take place?

. A Sometime after that meeting, but when, I don't remember.

. Q And you don't remember who mentioned it?

. A As I say, it was in passing.

. Q Who else might have known about it besides you and Mr.--Mr. Hirtle was not the one who told you, is that--

. A I don't remember.

. Q You don't remember what Mr. Hirtle told you?

. A No.

. Q Did you ever meet a man named Walt Raymond?

. A No.

. Q Was the purpose of the dinner in June of 1986 to solicit--

. A Excuse me. I want to correct one thing. It was

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not--it was not Mr. Hirtle who told me about the contribution.

Q You said you didn't remember.

A But--I don't remember who it was, but it was not Mr. Hirtle and I remember that because I knew before Mr. Hirtle knew.

PRIVACY

Q Did you tell Mr. Hirtle that [redacted] had contributed $60,000?

A Yes.

Q Did he--he didn't ask you how you knew that?

A No. I do not recall that.

PRIVACY

Q But [redacted] was--the arrangements for him to come to the dinner were made through Mr. Hirtle; is that right?

A Yes.

Q Did you--did you ask anyone else to come to the dinner? Did you talk to anyone else about coming to the dinner--

MR. DANZIGER: You keep on talking about a dinner. It wasn't a dinner.

MR. OLIVER: Well, the meeting with Colonel North.

THE WITNESS: I probably did, yes.

BY MR. OLIVER:

Q That was what you were asked to do by Mr. Hirtle; is that correct, to find out if somebody was interested?

A Yes.

Q And--so you made some phone calls--just find out if people were interested in coming to this meeting with Colonel North?

A Yes, I probably did. I don't specifically recall the conversation, but I am sure I did.

Q And what would you have told these people?

A I would have said either--it is all--I would have said, ''If you are interested in the contra issue and Nicaragua, than someone is coming up who has authority to speak on it, who is an authoritative source on it. You might be interested in hearing what he has to say.''

Q How many phone calls did you make?

A As I say, I don't remember.

Q Would it have been five?

A Probably five or less.

Q But none of the people who you were interested--who you sought to get interested or who you inquired whether or not they were interested--

A Right.

Q --none of them were interested, in fact, enough to come to the meeting?

A That is right.

MR. FRYMAN: Off the record a second.

[Discussion off the record.]

BY MR. OLIVER:

Q Did you introduce John Hirtle to Terry Slease or did--John Hirtle introduced you? When did that relationship start?

A I would have introduced him to Terry Slease.

Q You introduced John Hirtle to Terry Slease?

A Yes.

Q And how did you know Terry Slease originally? What was your first contact with--

A It was through the Scaife's--interest in general.

Q The foundation interest?

A It was not through the foundation. It was not through the foundation. It was only because he was sort of a background person. He was not associated with the foundation per se. He was--

Q You discussed with Terry Slease his activities to raise funds for contras in Nicaragua; is that correct?

A It is correct--well, it is not--not--really, that is not correct, no.

Q Did Terry Slease tell you that he had gone to Washington and met with Colonel North?

A No, no.

Q But Mr. Hirtle did tell you that he had gone to Washington--

A Gone to Washington, not that he had gone to meet

UNCLASSIFIED

with Colonel North.

Q He did not tell you when he returned that he had met with someone at the White House?

A I don't recall--I don't recall who he said he met with when he came back.

Q Well, when he asked you to set this meeting or to arrange this room for this meeting, who did he tell you Colonel North was?

A On the National Security Council.

Q He did not tell you he had met with him previously in the White House?

A No.

Q You were not aware of that?

A I am not aware of that.

Q And you were not aware that Terry Slease met with Colonel North at any time?

A I am not aware of that.

Q Were you aware that Terry lease had solicited funds for the contras from any other persons?

A No.

Q Whose names that has not been mentioned here today?

A No.

PRIVACY

Q Were you aware of contributions from a [redacted]

A No.

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PRIVACY

Q Do you know [redacted]

A I met him.

Q He is not a friend or business associate?

A He wouldn't know who I am.

PRIVACY

Q Do you [redacted]

A No.

Q When this story broke in the newspaper this year or late 1986 and early 1978, did it--did you react in any way to this by calling Terry Slease or John Hirtle to ask them whether or not what you had been peripherally associated with had anything to do with this?

A No.

Q You haven't discussed it with them in--in retrospect, or have you?

A Yes. Yes, I have.

Q When did you discuss it with Mr. Slease?

A Well, it would have been sometime after the--after the stuff hit the paper. Exactly when, I don't remember.

Q Did Mr. Slease tell you that he had talked to anyone associated with this investigation?

A Yes.

Q Did he call you--inform you of that?

A No.

MR. OLIVER: I have no further questions at this time.

MR. FRYMAN: Mr. Buck?

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. BUCK:

Q Mr. Miller, I would just like you and your counsel to put on the record what you want with this deposition, what its future use may be.

MR. DANZIGER: I would like you to tell me.

My discussions--with Mr. Fryman and Mr. Oliver this morning, they have not given me any absolute assurances what would happen with the deposition. My request though was that it not be made part of the public record since it is my understanding--my discussion with Mr. Miller and his discussion with you gentlemen this morning that--this is a person who is exercising his rights to associate with who he wishes. He violated no laws, offended no one, and because of his desire for privacy and protection of his own person and others, he would obviously desire that his deposition not be made part of any public record, nor any information that he appeared to be made known to the media or to anyone outside of the confines of this room or the committee members if they deem so appropriate.

If there is agreement on that, I would like to hear it. If there is disagreement with what I said, I would like to hear that also.

He is concerned about some of his European contacts in that he does not want their names to be made public because he is somewhat concerned about the extent of terrorism in Europe--whether that is a well-founded fear or not is unimportant. He is concerned about that and he doesn't want to be a person who identifies anybody in a public record and have some problem in Europe in a less protected society than our own.

Is that an accurate reflection on our discussion, Mr. Fryman?

MR. FRYMAN: Mr. Danziger, I indicated to you that the use of this deposition was governed by the rules which was provided--a copy of which was provided to you in advance of commencement of the deposition today.

Unless directed by the committee, the fact that a deposition occurred or the transcript of a deposition is not a part of any public record, but is confidential.

Your concerns that you have expressed will be taken into consideration. I cannot give you any absolute assurance at this point what in the final instance the committee will decide to make public, but your concerns will be noted and taken into account.

MR. DANZIGER: Well, realistically Mr. Miller and the input of the staff is sought by the committee. You understand that and so do I. I would ask--is it fair to say that your recommendations, the committee staff recommendations would be that his deposition not be made public?

MR. FRYMAN: Well, there are a lot of--the investigation is still underway, and I can't really give you definitively what my recommendations will be until the session is concluded and specifically the investigation into certain of the areas that were covered this morning are still underway.

So because of that, I really am not able to respond to that.

MR. BUCK: Mr. Miller, I would like to conclude by thanking you for coming from New York.

MR. FRYMAN: I have no further quastions.

Mr. Danziger, I would ask that you retain in your custody the group of Godson materials that are identified in the inventory which is Miller Exhibit No. 1. We have agreed that it will not be necessary at this time to produce those materials to the committee.

You have made them available to us for our examination and I would ask that you agree to retain them in your custody in the event that the committee believes it is necessary to consider those materials further.

Is that satisfactory to you?

MR. DANZIGER: Yes.

Would you be able to let us know what the staff recommendation is going to be on the--as to Mr. Miller's deposition?

. MR. FRYMAN: We will agree, if there is a recommendation or a decision to make public the transcript, we will agree to notify you of that in advance.

. MR. DANZIGER: When do you think that decision will be made?

. MR. FRYMAN: I don't know.

. That concludes the deposition.

[Whereupon, at 11:20 a.m., the taking of the deposition was concluded.]

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of the

U.S. HOUSE OF REPRESENTATIVES

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DEPOSITION OF JOHNATHAN MILLER

Wednesday, September 30, 1987

U.S. House of Representatives,
Select Committee to Investigate
Covert Arms Transactions with Iran,
Washington, D.C.

Partially Declassified/Released on 1/27/92
under provisions of E.O. 12356
by B. Reger, National Security Council

The committee met, pursuant to call, at 10:30 a.m., in Room B-336, Rayburn House Office Building, Spencer Oliver presiding.

Present: Spencer Oliver, on behalf of the House Select Committee.

Ken Buck, on behalf of the House Select Committee.

Thomas Fryman, on behalf of the House Select Committee.

Buck Hammond, on behalf of the House Select Committee.

Victor Zangla, on behalf of the House Select Committee.

Henry J. Flynn, on behalf of the Senate Select Committee.

Patrick J. Christmas, on behalf of the witness.

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Whereupon,

JOHNATHAN MILLER,

was called as a witness on behalf of the House Select Committee, and having been duly sworn, was examined and testified as follows:

EXAMINATION BY COUNSEL FOR THE HOUSE SELECT COMMITTEE

BY MR. OLIVER:

Q Good morning, Mr. Miller.

A Good morning.

Q At the outset, I would like to submit for the record the immunity order from the United States District Court for the District of Columbia, dated August 18, 1987. Counsel, you have examined this and find it to be in order?

MR. CHRISTMAS: Yes. That is fine.

BY MR. OLIVER:

Q Mr. Miller, could we start by asking you a little bit about your background, where you were born, where you went to school, and sort of leading up to the time you came into government service.

A I was born in 1952 in Louisville, Kentucky. I attended Duke University and ~~Duke~~ University of Louisville Law School. I moved in late 1979 to Washington to work in a political campaign.

Q Which campaign was that?

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A George Bush's Presidential campaign.

Q What did you do?

A I was his Deputy Political Director.

Q Who was Political Director?

A David Keene

Q How long did you remain in that position?

A I was with Vice President Bush through the November election and stayed with him through the transition.

Q Did you have some specific responsibilities in his transition?

A I handled personnel under Dean Burch, who reported directly to the Vice President-elect, Presidential personnel matters.

Q You mean personnel government-wide?

A Yes.

Q These were political appointments?

A ~~What~~ which happens in every transition.

Q Then what did you do after the transition?

A I became an administrative assistant to Congressman Goodling of Pennsylvania, Republican of Pennsylvania, and was there until about November of '81, and was asked to go down to the Agency for International Development. I went there.

Q Who asked you to go down there?

A Jay Morris, who was then assistant, then became

Deputy Administrator.

Q What did you do there?

A I was special assistant in the front office, but I spent most of my time working with the new Bureau for Private Enterprise, headed by Elise Dupont. The duties were to further promotion of private enterprise in lesser developed countries.

Q How long did you stay in that position?

A Until January of 1983. In January of 1983, I became Peace Corps Director in Botswana, Southern Africa, and was there until December of '83 when I was asked to cut my tour short by Ambassador Reich and become his deputy, one of his two deputies in the newly formed Interagency Public Diplomacy operation.

Q Have you worked with Ambassador Reich when you were at AID?

A He and I would work on projects together, but it was not a day-to-day working arrangement.

Q What was his job at AID?

A Assistant Administrator for Latin America.

Q When you were at AID prior to your departure for Botswana, did you know Rich Miller?

A Very casually, yes.

Q When you say casually?

A AID is not a massive bureaucracy, so you would, especially since I was affiliated with the front office, you would see Miller coming in and out because he was Director of Public Affairs at the time. He and I didn't work together at all.

Q Had you known him before that?

A I met him in the 1980 campaign when he was working on the press section of the Reagan and Bush Committee, but I didn't work with him at all.

Q What was your duty in the Reagan-Bush --

A When Vice President Bush was chosen to run for Vice President, I ceased to be his Deputy Political Director because that job didn't exist any longer, and I became Tour Director, which oversaw the President's campaign on the road. So I was on the road all the time, and Miller was, like everybody else, back in Washington.

Q How did you happen to become Peace Corps Director in Botswana? Had you been a Peace Corps volunteer or had any experience in that area?

A No, I had been in Botswana in 1982 on a private sector survey and had been impressed with it. When I decided that I had it in Washington and wanted to do something a little more meaningful, I talked to Loret Ruppe, Director of the Peace Corps, and there was an opening in Botswana and among other countries, that was the one that I felt was most desirable from a standpoint of ability to do something. I

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was very, very impressed and continued to be impressed with the country, Botswana.

Q And how did you happen to learn about this opening at LPD? What were the circumstances surrounding it?

A I was back in Washington on Peace Corps business and literally ran into Otto in the hallway of the Old Executive Office Building. He was on his way into a meeting with the Public Liaison Office and I later received a phone call from him, really one of his staffers, I don't think it was from him, asking if I would be interested in coming and indicated that I had just started a tour that was to last until July of '85 in Botswana, and although I felt that our Central American policy was important, I couldn't pick up and leave, that would create rather nasty repercussions in the Peace Corps.

And a series of conversations back and forth, he asked me to come up -- he indicated that --

Q These are taking place in Washington?

A These are taking place in Washington. Come on as one of his two deputies. He had a Foreign Service Deputy. He wanted somebody who could handle especially liaison with the White House. And I went back to Africa, thought about it. This dickering went back and forth for almost two months.

Q What period of time are we talking about?

A September of '83 until I guess late November of

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'83. I can't be more precise than that.

Q Then you decided to come back?

A I decided to come back, which created the chagrin at the Peace Corps, as well as with my wife.

Q When you say chagrin at the Peace Corps, did she complain to somebody at the White House?

A No. She did complain to Ambassador Reich.

Q When did you join LPD?

A I think sometime in December, '83. I cannot give you the exact date. I am sure the State Department personnel records will reflect it. I would say early December, '83.

Q How many people were employed at LPD when you arrived?

A That is very difficult to recall, because it was in the midst of getting off the ground. It had started in a very quick fashion earlier in the summer, I had never even heard about it, and it was still gearing up -- I would, and this is a very rough guess -- guess there maybe were 10 to 15 people, mostly from other agencies, very few directly with the State Department.

Q Was John Blacken there when you arrived?

A No. John was DCM ~~to~~ in the Dominican Republic at the time. At the time the other gentleman was Robert Dubose, who is now in the, I think, INR Section of the State Department, the last time I saw him.

MR. CHRISTMAS: Could you keep your voice up? He is having a little problem.

THE WITNESS: Thank you.

BY MR. OLIVER:

Q When did John Blacken come on?

A There was a gap. I think Bob got an assignment in INR, he left, and there was -- John and Otto had discussions fairly early, and it meant John would have to curtail his job as DCM early. I don't think John came on board until spring, late spring of '84, but I can't be precise.

Q So you were essentially the main Political Deputy from December on. How did your duties differ from those of Dubose's prior to John Blacken's?

A As you probably know from taking other people's depositions, precision was never a strong suit of LPD, but roughly, and assignments changed from day to day. Roughly, Bob worked more on intelligence analysis, and I did more work on outreach, if you wanted to make it very -- because he was a Foreign Service officer with an intelligence background, and I was a political person who Otto felt first and foremost his problem was to make sure that we presented our policy as forthrightly as possible but in a responsible manner, because there were, without criticizing certain people, there were certain people, especially in the Public Liaison Office of the White House, who were more fervent in sort of expostulating their interpretation of the President's policy and had a tendency sometimes to be a little ~~w~~reckless.

My first assignment was to try to be a governor on certain people in the Public Liaison Office.

Q So you stayed there until when?

A August of 1985.

Q And why did you leave LPD?

A There were a myriad of reasons. A friend of mine told me about an opening at the National Security Council which was frankly interesting, and that was to oversee the President's foreign travel and to handle foreign leaders' visits to the United States. It was over at the National Security Council. And so that had some attraction. And, frankly, after two years of dealing on Central American matters, I was a little ~~wary~~ weary.

Q Who told you about this?

A A gentleman by the name of Christopher Hicks, who was then Deputy Assistant to the President for Administration.

Q How did Otto Reich feel about your leaving LPD?

A He had mixed emotions. I think he felt I had put in my dues, but he understood it. It was a classic case of burnout.

Q And then how long did you stay in that job at the NSC?

A I left in May of 1986, I think. I guess May of '86.

Q And then you went to?

A I went to the Deputy Assistant to the President for Management position.

Q How did that happen to come about?

A I had already resigned in March from the NSC and had said that I would be leaving NSC ~~on~~ upon my finishing my jobs at the Tokyo Economic Summit, and Chris Hicks ~~was~~ going on to be General Counsel at the Department of Agriculture. and he recommended me to Don Regan. So Regan asked me right after the Tokyo Summit if I would take the job.

Q Why did you resign from the NSC?

A I was not very happy with the managment style of Admiral Poindexter. I personally liked John Poindexter, but I did not -- was not at all happy with the way things were being sort of operated in an isolated fashion.

Q What do you mean by an isolated fashion?

A Admiral Poindexter had a tendency to sort of run things on a very, very tight compartmentalized basis, and there was no, at least in my area, there was no ability to question -- I am basically a political animal, and I believe in give and take, and there was a tendency in the Admiral's entourage,most of them being former Naval officers, to sort of salute the flag and never question the Admiral. I felt like I was in a straight jacket, so I tendered my resignation in March.

Q Who did you report to at the NSC?

A Originally I reported directly to Mr. McFarlane, when he was the National Security Advisor. When Admiral Poindexter came on board, in theory I still continued to do that, but actually I started reporting to Rodney McDaniel.

Q His job was?

A Executive Secretary.

Q Of the NSC?

A Of the NSC.

Q And then you left in --

A May of '86, right after the Tokyo Summit.

Q You left your new job in --

A May of '87.

Q -- May of '87. And that was the day Rob Owen mentioned your name in the testimony?

A That is correct.

Q Were you watching his testimony when your name was mentioned?

A Yes, I was. But I had -- if I remember correctly, there are several things that have to be noted, one of which is I had already indicated on several occasions that I offered my resignation. Interestingly enough, a month before I tried to resign, on several occasions, to Ken Duberstein, because, once again, as will become readily apparent, I am rather candid in my assessments, I was not happy with Howard Baker's new management style, and I had ceased to report to the Chief of Staff, and I was reporting through two different layers to the Chief of Staff. And for one month, I had attempted to resign, in fact sent a letter to Ken Duberstein, I was going to resign several weeks before this occurred.

I was told my resignation wouldn't be accepted. And then when, two days before Mr. Owen testified, I was told that Mr. Owen might make these statements, I indicated once again I would be happy to resign.

Q Who told you Owen was going to make these statements?

A I was told by one of the House counsel -- White House Counsel. I can't remember who it was exactly, because I had several conversations.

Q Had you told anyone else in the White House prior to that you had cashed traveler's checks for Oliver North?

A No.

Q Why not?

A Frankly, I to this day -- I may question the wisdom of it, but I didn't ever thing there was anything wrong, still don't, or improper or illegal.

Q When you were told by the White House counsel or one of the White House counsels that this incident might be mentioned, did you mention it to anyone else in the White House? Did you tell your superiors about this?

MR. CHRISTMAS: This is before Owen's testimony, right?

MR. OLIVER: He indicated at the time he was told, which I think he said was two days before. Between the time Owen testified and the time that he learned that this might be mentioned, did you tell anyone in the White House --

THE WITNESS: I can't recall I did. I remember having a conversation with Mr. Culvahouse where he indicated he thought possibly some people should be notified.

I suggested only the Chief of Staff needed to be notified, the Chief of Staff.

BY MR. OLIVER:

Q Were they notified?

A Mr. Culvahouse and Senator Baker were, I assume, within --

MR. CHRISTMAS: Don't assume.

THE WITNESS: I had no personal knowledge.

BY MR. OLIVER:

Q Regarding those traveler's checks, I would like, if I can, to let Mr. Flynn from the Senate ask questions about that area.

EXAMINATION BY COUNSEL FOR THE SENATE SELECT COMMITTEE

BY MR. FLYNN:

Q The testimony I am referring to now is the public testimony on television and has now been published by the government. You said you were present when Rob Owen received traveler's checks from Oliver North, is that correct?

A Yes.

MR. CHRISTMAS: Are you talking about one occasion or more than one?

MR. FLYNN: That was my next question.

BY MR. FLYNN:

Q How many times did this actually occur?

A To my best recollection, once.

Q This would be approximately what timeframe?

A Spring of '85, I think.

Q You received all the checks directly from Oliver North. Is that correct?

A That's what I recall.

Q The review of the traveler's checks cashed by the Senate Committee indicates that you cashed $3300 in traveler's checks. Would you generally agree with that figure?

A That sounds roughly correct.

MR. CHRISTMAS: Are you talking about him personally, sir?

MR. FLYNN: Yes. The ones that were actually cashed by yourself, that had your name on it.

THE WITNESS: I am not sure that is correct.

MR. CHRISTMAS: Would it be easier if he went through the scenario of what happened?

MR. FLYNN: Absolutely. Whatever will help you arrive at the figure is fine.

THE WITNESS: For whatever reason, I came into Colonel North's office. And I was told there was going to be a problem in that the next day [redacted]

I don't know why we were asked to cash the money, but Rob Owen was there, and I think there was -- my recollection is that he just said there was too much money for him to cash and w qr ~~s~~ell, and [redacted] some reference was made, and I can't remember who made it, to the necessity to help out. At some point, I hope we go into that.

But, at that point, I was just handed a group, and I don't think it was divided up in a nice little pile, and I said that I would go to my bank. One of the reasons I continue to feel that if ~~it~~ this were improper, I wouldn't have gone to my bank and signed and counter-signed the checks. It was such a large amount that I frankly, and it is another example of why I didn't think it was improper, asked my wife to sign some of them at our bank. They had a rule at the branch they couldn't cash over "X" amount, and that is why I sort of questioned. ~~I~~ I may have received approximately $3500 or $3300 or $3100, but I don't think I signed or counter-signed that amount personally. I think I actually, I would never get my wife in trouble, but I actually asked my wife to cash some of them as well.

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BY MR. FLYNN:

Q What name would she have used?

A Elizabeth Thompson.

MR. CHRISTMAS: That is her maiden name?

THE WITNESS: She continues to keep the name, Thompson.

BY MR. FLYNN:

Q If we took the total checks signed by you, which we have as $3300, plus the total we have for Elizabeth Thompson, which we have as only $500 --

A Then that is possible. Apparently, and I didn't know about this until recently, I don't remember, I had asked my brother to cash some traveler's checks as well, who is Scott

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Miller. [redacted] got more than I thought.

MR. CHRISTMAS: Can I inquire what you have for his brother, sir?

MR. FLYNN: $500. Scott Jim W. Miller?

THE WITNESS: Right.

BY MR. FLYNN:

Q It would be Elizabeth Thompson, $500. Scott Miller, $500.

A Right. If you say -- I have no reason to dispute it. I am frankly amazed it was that much money. I won't dispute it.

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BY MR. FLYNN:

Q [redacted] wasn't in the room at the time you got the checks from North, is that right?

A No.

Q So just by way of summary, the checks were given directly to yourself, you didn't know what the amount was because you could only cash so much money at the bank, you asked your brother to cash some, Scott Miller, and you asked your wife to cash some, and her legal name on the checks is Elizabeth Thompson.

A Right.

Q So it would be fair to say then the total, your 3300 dollars plus the two 500 would make a total of $4300. You accept that?

A I will accept it.

Q Thank you.

What is your brother's full name?

A William Scott Miller the Third.

Q Thank you, sir.

BY MR. OLIVER:

Q Just to follow up on this a little bit, when you indicated that you were in North's office and Rob Owen was there and this subject came up about [redacted] [redacted] need for money, did Oliver North take these travelers checks out of the safe in his office?

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A He took them out of what is called the safe, but it is actually a file drawer that is normally used to store classified documents.

Q Did you know that he kept these travelers checks in his drawer?

A I cannot say for certain I knew before that fact. Obviously after that I did. ~~If,~~ T 92— the events of the last couple years have been sort of blurry and I can't tell you whether I knew before then that he did.

Q Were you aware that he was dispensing money to various people, a stash of travelers checks in the top drawer?

MR. CHRISTMAS: Prior to the day he gave the travelers checks?

MR. OLIVER: I'm asking any time.

MR. CHRISTMAS: So we are clear on this.

THE WITNESS: Obviously after the fact I became aware of that, but I cannot say I was aware. One always has suspicions and one -- but I can't say for sure.

BY MR. OLIVER:

Q Did you ask him what the source of the funds was?

A I cannot remember whether --

MR. OLIVER: Could we go off the record just a minute.

(Discussion off the record.)

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THE WITNESS: I can't remember whether I asked him or whether he volunteered it. That's the only time I was aware he said it came from Calero. I didn't ask where Calero got it.

BY MR. OLIVER:

Q That was the first time you were aware of Oliver North keeping these travelers checks in his office and the first time you were aware he was dispensing these checks, is that correct?

A That is the first time. As I recall that is the first time I was actually aware as opposed to what my suspicions were.

Q Why had you had suspicions?

A Well, I mean, as no doubt everybody who has ever come before this committee has had suspicions about Ollie. A lot of it was, you would discount because he has a tendency to engage in rhetorical hyperbole. If I discounted 75 percent of what he intimated, there was a lot to suspect but it was nothing hard and fast. Plus he had an emotional, very strong emotional commitment to certain factions within the contras, ones I did not necessarily share with him.

Q He gave you a group of the travelers checks and gave a group of them to Rob Owen.

A That's as I recall.

Q And what did he say at that point?

A I am not absolutely certain. I think it's just that we needed to get cash to [redacted]

Q So you and Owen left the office together to go do this?

A I can't remember whether we left together or not. I just went immediately, called my wife and said I have to go to Alexandria to cash some checks.

Q Where was your wife then?

A She was at home.

Q Where was your brother?

A I can't remember where he was working at the time. He is one of those itinerant government employees that move around from point to point like I do.

MR. CHRISTMAS: Don't forget this is going to be public.

THE WITNESS: He is leaving government next week to go to the private sector.

BY MR. OLIVER:

Q Did you meet your wife and brother downtown?

A I think I met my brother downtown, gave him some checks and went to Alexandria.

Q Where did your brother cash the checks?

A I don't know. I assume --

MR. CHRISTMAS: Don't assume.

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BY MR. OLIVER:

Q He didn't go to the bank with you?

A No.

Q Did you and your wife go to the bank together to cash these checks?

A As much as I recall, yes.

Q What did you tell your brother when you gave him the checks?

A I don't think I told him anything except that I needed the checks cashed.

Q You just handed him a stack of blank travelers checks on a South American bank and told him to cash these checks?

A I think a Central American bank. I really can't recall. I'm not trying to be cute, I just can't recall. I mean at the time -- this was so, even though it was the only time I ever recall cashing travelers checks, this seemed to be so although unusual, not improper that I didn't remember until I watched Owen actually saying, recalling the thing, because I couldn't remember the details. And I tried over the last several months to recall that, although I don't have any records. I never retained any records.

Q But you had been told two days before that?

A I wasn't told he was going to say anything. All I was told was that Owen would say we had cashed some travelers checks and I couldn't remember anything beyond that until I watched him actually go through the scenario and all of a sudden, a bell went off and I said, oh, yes. Alzheimers must have inflicted me at a rather early age.

Q What time of day was it you met your brother?

A I think it was early evening, dusk or something like that.

Q You went to the bank the next day.

A No, my ~~name~~ bank has evening hours until 7:30.

Q Then when did you get the money from your brother?

A I can't remember if it was that night or the next morning.

Q And then when did you give the money back to Oliver North?

A I don't think I gave it to North, I think I gave it to Owen.

Q Where did you give it to Owen?

A I really don't recall, I'm sorry. It could have been 17th Street, it could have been the Hay-Adams, it could have been at Scholl's, I don't really know.

Q Did you discuss the purpose of this transaction with Rob Owen when you left North's office or after you left North's office?

A No, I think he was aware of it.

Q Did you ask him what it was all about?

A No. I think he was quite aware of it. I have got to say for the record, and I realize this is going to be released, he and I did not necessarily get along. We represented two sort of different factions within the contras. [redacted] He was there to do his duty for Ollie. I don't think there was a necessity for any discussion as to what the purpose was.

Q So you gave him $4300 --

A I didn't give him any.

Q Rob Owen.

A Oh, you mean after, the cash.

Q Yes.

A It was $4300. I'll have to reply on Mr. Flynn's --

Q Do you remember if it was in 50 dollar bills, Hundred dollar bills?

A No, I don't. To me that wasn't really relevant. I cashed it, apparently the denominations by looking at the photocopies were in hundreds and maybe some other ones I don't know if the bank gave it back in the same denominations. As will become obvious, I am not a detailed person.

Q You didn't consider this a significant incident?

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A No, I still don't.

Q Do you carry around thousands of dollars in cash in your pocket?

A No, Mr. Oliver, but when this is going from one private, from one Nicaraguan to another [redacted] was near and dear to many Members' hearts on the other side of the aisle and I was, I didn't see anything improper or wrong and that is why I didn't give it that much significance. Still don't.

Q What do you mean by both sides of the aisle?

A [redacted] and I felt very strongly about this, and other Members, Members of Congress felt strongly about it, that moderate, on both sides of the aisle and many Democrats felt [redacted] should be part of the opposition and if they weren't, there was no legitimacy to it. That was a sort of great friction all the time between Colonel North and myself. He took the side of Calero and I was championing the cause of [redacted] people he thought were sort of wimps, and ~~he~~ ~~apologies~~ apologists for the Sandinistas.

At any rate, I felt that [redacted] cause was not only just but it was correct, and there was nothing improper about it. So I did not -- my job was just to get

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the money [redacted] as quickly as possible.

[redacted]

Q Let's go back to LEP for a moment. What were your duties as Deputy? Could you sort of describe for the record what your responsibilities were?

A Well, they changed from moment to moment. There was a job description that sits in the personnel office, but that was about as relevant as anybody else's in the State Department. Originally it was to be, serve as a liaison with the Public Liaison Office at the White House. Later on it expanded to working with -- the H Bureau of the State Department --

Q Would you explain what that is?

A The Legislative Affairs H Bureau. Later on it expanded to working with affairs at the NSC. We would go through every few months runups on whether there was going to be funding for the Nicaraguan opposition or not. Later on it took -- it continued to expand. A lot of it was

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m10 also just serving, since Otto was so involved in going out and speaking on Donohue or Nightline or whatever, was actually also serving as the front office liaison with a good deal of the rest of the staff. Had to spend a lot of time with people putting speakers out. And also in, on the mashed potato circuit, these were government speakers. It took on a myriad of duties and they kept continuing to expand.

Q Were you in charge when Otto was out of the office?

A No.

Q Who was?

A Well, nine times out of ten it was, unless DuBose or Blacken were out, and they were always -- they were always the principal deputy, I was never considered principal deputy, so only unless both Otto and DuBose and Blacken were gone would I be in charge.

Q Was DuBose still there when Blacken came on?

A No, there was a gap.

Q Was DuBose a career Foreign Service officer?

A Yes.

Q And Blacken was a career Foreign Service officer?

A Yes. Still is.

Q Besides yourself, were there any other Schedule Cs or political employees besides you and Otto Reich in LPD?

A There were one or two ~~scheduled~~ detailed from AID. There were no other Schedule Cs on the State Department --

Q Who were the Schedule Cs?

A One was a woman named Janis Barbieri, who handled mostly bookings of Administration~~'s books~~ officials and the media. And another was Mary Catherine English, who was an editor. She mostly edited the myriad of publications LP~~D~~D. I don't think, but I can't be bound by it, there were any other Schedule Cs.

Q What was your working relationship with Oliver North?

MR. CHRISTMAS: What point in time, sir?

MR. OLIVER: From the time he came to LPD.

THE WITNESS: I didn't know him at first, didn't meet him until sometime in early '84.

Originally we -- I didn't really get to know him at all until at some point we started working on another legislative runup where NSC pulled together people from DoD, State and everybody else and they would say we are going to go to the Hill, we need these documents, things like that, and we were called on to be the ~~governors~~ gophers. [go-fers].

BY MR. OLIVER:

Q Which documents are you talking about?

A These are mostly, you know, things that would be in the press, publications that we had pulled together.

We would put together a book to rebuttals proponents were making, anticipatory stuff, things like that. We were always quicker in responding than the public affairs section of the State Department. In fact, the Legislative Affairs people, people like Ed Fox, thought we were so good we were just, they said "this is what we need, go out and get the information." That is when I think --

Q What kind of information?

A You know, how many prisoners are kept in Sandinista prisons, how many arms have been delivered, what is the present, best estimate, which is very difficult because we kept getting different answers of Sandinista troop strength, things like that. That is when I think I first started working with North.

The reason I ended up spending a little more time with North than I ever anticipated is because rather early on in '84 Arturo Cruz, Jr., and I became good friends, and Arturo felt that the former Sandinistas that were part of the opposition were getting very short shrift from the Administration and they were bending over backwards to support people like Enrique Bermudez and Calero. And I ended up sort of going hat in hand and arguing with Ollie a lot. That is when we first started.

Q Do you remember who introduced you to Oliver North?

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A I think it may have been Otto when we were over at the Old Executive Office Building for a meeting with Faith Whittlesey or Walt Raymond or somebody. It was a casual introduction.

Q Did you participate in the regular meetings of the Central American Public Diplomacy Working Group at the NSC?

A I keep hearing that name venting around, I'm not sure what that is.

Q That's the meeting that took place on a weekly basis in Walt Raymond's office.

A If that's what it was called. We never called it that. I would go to Walt's almost every week, yes.

Q Who else participated in those meetings?

A It was a sort of circular door. Sometimes he would get drop bys by Constantine Menges literally. Sometimes he wouldn't show up at all. Sometimes Ollie would show up for a few minutes and take off. Usually it ended up being Walt, myself, occasionally John Bracken, Otto, occasionally some people from USIA. That would be about it.

Q Were there people there from CIA there also?

A There may have been from time to time, but not on a regular basis. I can't preclude they were there, but they were not what I call "regulars" because public diplomacy operation was not held in high esteem by people like

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[redacted]

Q Did he participate in those meetings?

A He may have been there on one or two occasions. I can't preclude it. I don't want a perjury charge thrown at me. I don't remember.

Q What was the purpose of those weekly meetings?

A It was primarily to coordinate -- there was a great deal of frustration with the ability -- we thought we were getting our heads handed to us on a platter by what we perceived ~~received~~ -- originally it was more involved with El Salvador than Nicaragua, later on by the Sandinistas who were very, very good at public information.

There was a frustration at the White House that we weren't getting the -- countering it significantly enough and the result was frustration on the part of Ambassador Reich. The State Department had a tendency to work in a molasses ~~Mullahsef~~-like environment. So the purpose of the meetings was to primarily kibutz because Walt Raymond, there was no set agenda, Walt Raymond was the international public diplomacy person at the NSC. Walt had other meetings that were just the same with different parts of the State Department, Ambassador Hellman from the Political Bureau of the State Department would meet with Walt every week on other parts of things, whether it was Radio Marti or something goi on in [redacted] So it wasn't unique, we weren't the

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only group meeting with them.

Q This group you participated in was primarily directed towards Central America, is that correct?

A Yes. Yes.

Q When did you first meet Walt Raymond?

A Early '84. I can't be more precise than that. It was right after the Christmas holidays I would think. It was kind of lost time when I first came on board.

Q What was his job?

A Special Assistant to the President for something, something like international communications.

Q Were you aware of any connection he had with any intelligence agencies?

A I was aware he was a former employee of the CIA.

Q How did you become aware of that?

A I think he told me.

Q What did he tell you he had done in the CIA?

A I don't know. To this day I still don't know. We are indoctrinated early on on a need to know basis. If I'm not told I don't ask. I didn't have any idea. I later worked with Walt, he was a good friend and I still don't know what he did in the Agency.

Q In these meetings did you discuss the declassification of intelligence documents, review some public diplomacy

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activities?

A That would come up from time to time. I didn't normally take the lead in that. That was mostly a conversation, conversations that would occur between Otto and different people of the NSC, and different people at the State Department for that reason. He just didn't work solely with the National Security Council.

Q Were those discussions at that meeting about declassification documents with representatives of the CIA?

A I know Otto may have had conversations with them. He did on the phone, on the secure phone. That infamous phone Chairman Fascell brought up. Conversations occurred all the time about that. And they were with Agency people because the Agency had to authorize those things. But I can't preclude that they weren't discussed with Agency personnel in Walt Raymond's office at a certain time. They were discussed in all sorts of manner, always in a secure manner.

Q And were these -- did these conversations and discussions result in the declassification of documents and information?

A I think they did, but I cannot tell you right now that th~~i~~ose documents was done by -- there were for instance --

Q I am just asking in a general sense.

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A Yes. There were others the ultimate -- the Public Diplomacy Office ultimately had printed, included an awful lot of declassified information. Mostly -- as an example, aerial photos of military installations in Nicaragua.

Q Are these documents or this information, would the purpose be to be included in the LPD publications, op ed pieces?

A To be released on the press generally. If, for instance, you could show a graphic example of Mi-8 gr helicopters, and this is a possible hypothetical, on the runway of Punta Huente fr, that was the type of thing we felt, and we were the big proponents of declassifying as much as possible. There is a tendency within the intelligence community they didn't want any of that stuff released. We would push for that sort of thing. And if it was -- ~~Most~~ most gr felt it would be better if it were released to the networks after it had been fully declassified, that might have a better impact in a certain case than publications. Publications were not the sole source.

Q How did you release these documents once they had been declassified, this information?

A Ambassador Reich or Ambassador Blacken gr or DuBose could tell you better, I didn't handle it. That was almost exclusively, especially when John got on board, John's

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bailiwick.

Q Was this information made available to Mark Richard?

A I think it was. I don't know why it wouldn't be.

Q What was Mark Richard's job there?

A Well, when he first started with us he was a Colonel in the Air Force, and I am not sure where he came from, he did have an intelligence background as well as a pilot. Later he became consultant after he retired from the Air Force. He worked extensively with the press.

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Q When you say that Mark Richards briefs the press, what was the format in which he did that?

A I don't know. He was sort of secretive about what he did, but usually he would have them into his office, which is on the fifth floor of the State Department, and talk to them, but I was never with or privy to one of those meetings.

Q People from the Bureau of Public Affairs were informed of these briefings?

A I really don't know. We did talk about an awful lot to ARA, but we didn't talk as much to public affairs. Public affairs was not really, especially if you take public affairs is divided into two different universes, ~~and~~ the spokesman ~~ARA~~ or who ~~which~~ was worried about the minute-by-minute activity, Chuck Redman, or whatever, and then there was the bureau that had a tendency to do traditional things, put speakers on the road, work on SALT agreement material, things like that, and they frankly thought of us as an unneeded operation, and the communications, to be frank, between Public Affairs Bureau and us were not necessarily always clear.

We felt that our need was to communicate more on substance with the ARA Bureau.

Q Isn't it true that ARA was specifically excluded from Central American working group on public diplomacy

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in the White House?

A No, because they were invited. They chose in many cases not to attend, but they were invited.

Q Who was invited?

A I know for one that Dick ~~Caldwell~~ Holwill was invited, and he was at that time Deputy Assistant Secretary of State for Inter-American Affairs for congressional activities, and we worked very, very closely with the Public Affairs Office of ARA, with Gilbert ~~Holwill~~ Gallaway, and Greg Lagana and those people. I probably spent more time in Greg Lagana's office than I did in my own.

Q Were you involved in the arrangement of consulting contract for Mark Richards Associates?

A I don't know what you mean specifically about that, because I didn't handle, although I will show up on some of the Frank Gomez contracts as whatever that thing is called, representative, that was always handled by our administrative people. I was aware that Mark Richards and Associates had a contract, but I didn't handle the actual work. That was done with our administrative people, whether it was Matthew Freedman or Frank Gardner, and then it went to contracts and then it went to the legal people, but I had a general knowledge.

Q Were you aware that Mark Richards was negotiating to retire and become a consultant while he was on detail to LPD?

A I would probably say yes.

Q Did you ask anyone whether or not that was an appropriate thing for him to be doing?

A Well, most of the discussions -- I'm not trying to shift the blame -- were held with Ambassador Reich, but I also assumed the reason we had a plethora of lawyers and contract people at the State Department was to do that sort of thing. You don't employ a first baseman to pitch, and that wasn't my area.

Q Were you aware that Mark Richards as a detailee from the Air Force changed to the president of Mark Richards Associates, a consultant, which had a consulting contract with LPD and occupied the same office and the same desk and did the same job without any interruption in service?

A I would say substantially yes.

Q What was your relationship to Mark Richards' consulting contract at LPD?

A You have the benefit of the paper that I don't. When I walked out of the State Department, I didn't take any paper with me, nor did I destroy any paper, but I don't know, and I don't know even if I was put down as a technical representative or for anything else.

Q Do you know what the duties of a technical representative are?

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A No, I don't now. I may have at the time, but I don't now.

Q Did you certify to the contracts office that Mr. Richards had performed the work and asked them to pay him on a regular basis?

A If you have a photostat that says I did, I guess I did.

Q I am just asking whether or not you remember.

A I don't recall specifically.

Q Did Mark Richards report to you?

A No, I don't think -- in fact, I complained to Ambassador Reich that on occasion, I'm not sure that Mark reported to anybody, but he did not report to me.

MR. OLIVER: I would like to ask the reporter to mark this as Jonathan Miller Exhibit No. 1. It is a group of documents that relates to contracts in the State Department LPD Bureau, with Mark Richards Associates.

MR. CHRISTMAS: I believe this is Exhibit No. 2 because the order was number one.

MR. OLIVER: Thank you, counsel. It is Exhibit No. 2.

(Miller Deposition Exhibit No. 2 was marked for identification.)

BY MR. OLIVER:

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Q The first page of this exhibit is a memorandum from you to Anita Brown.

A Right.

Q Is that your signature or your initials next to your name there?

A It looks like it, yes.

Q And do you remember sending this memorandum requesting the payment of $9,240?

A I won't dispute that this is my signature.

MR. CHRISTMAS: The question is, do you remember?

THE WITNESS: I don't remember specifically.

BY MR. OLIVER:

Q Does this document help you refresh your memory as to whether or not you sent this forward?

A It looks like I did. I'm not disputing.

Q If you will turn to the fourth page of this exhibit, there is, I believe it is an amendment to a contract for media consultant services, and it indicates there that Mr. Johnathan Miller of the Department's Office of the Coordinator for Public Diplomacy for Latin America and the Caribbean shall serve as the contracting officer's technical representative in lieu of Matthew Freedman for this contract.

Do you recall being the technical representative for Mark Richards and Associates?

A I guess I was. Mr. Freedman, at the time he departed, did all sorts of things in the way of changing records, and all sorts of people got assignments, because of Mr. Freedman's departure to the private sector, and I have no reason to dispute this at all.

Q What did you do as the technical representative?

A Well, in the cases where I would receive initial memos, in the general case it would be reviewed by our administrative people, and if they didn't see anything in proper and it looked proper to me, I would certify it and send it up to the management people, or it went through S/S-EX ~~OSEX~~ through the management people.

Q If you will turn to the --

A Although I have got to say in one case that is not my signature.

Q What case is that?

A The January 4, 1985.

Q That is not your signature?

A That is not mine.

Q Did someone sign it for you?

A I assume so.

Q Was someone authorized to sign your name?

A To the best of my knowledge, I never executed anything like that.

Q Was someone authorized to sign your name orally?

A I don't think so. I can't swear by it, but I don't think so.

Q If you will turn to the --

MR. CHRISTMAS: Excuse just a moment, if you don't mind. Thank you.

BY MR. OLIVER:

Q If you will turn to the sixth to the last page in this exhibit, which is headed "Section G Contract Administration Data," it indicates there that you are designated as the contracting officer.

A Right.

Q Technical representative?

A Right.

Q In matters concerning technical clarification, inspection and acceptance, and it indicates that you will coordinate all the work with contractor and review the contractor's performance at significant stages of its development. Did you do that?

A In the Mark Richards case, I can't affirm or deny that I did this. I would say in a general manner, I did, but I did an awful lot of things in the office on a daily basis, but I would say generally I may have.

Q You don't know whether you did this job or not?

A I'm saying generally that I did know. You can question with the benefit of hindsight whether I did a good job, but I assume that I did do this job, especially if I initialed those documents.

Q On the January 4th memorandum, is your testimony that that is not your signature on there, on that memorandum to Tony Hawkins, on payment for an oustanding bill?

A This may be splitting hairs. This looks like mine. The one to Anita Brown beneath it is not, but it's probably irrelevant since I certified. One of them is my signature and the other isn't.

Q Isn't it true that in order for Mark Richards to be paid, you as the technical representative would have to certify his work?

A It appears to be that is the case.

Q Do you remember whether or not you were required to certify his work?

A If I was whatever, the technical representative, I have to certify his work. I know that much.

Q So in effect, if he was paid, you certified that he had carried out the terms of his contract?

A I have to take the responsibility for it.

MR. CHRISTMAS: The question was, Mr. Miller, do you know if you actually did certify or not?

THE WITNESS: I assume that I did.

BY MR. OLIVER:

Q You will note in here further on through the

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exhibit correspondence on the letterhead of Mark Richards and Associates signed by Carolyn Richards, secretary-treasurer, addressed in each instance to you. 9

Did you receive these requests for payments from Carolyn Richards?

MR. CHRISTMAS: You are talking about each specific request, sir, or are you talking about generally did he receive requests.

BY MR. OLIVER:

Q Generally.

A Generally I think they came in the mail, but I can't swear by it, whether they were hand delivered or came in the mail, and I would immediately hand them to our administrative people.

Q If you will turn to the document dated February 26, 1985, it is about halfway through this exhibit, it is a memorandum to Mr. George F. Touhy from Frank Gardner, subcontractor for Mark Richards Associates, and it says in the bottom, next to the last paragraph, "Service to be rendered by Mark Richards Associates are critical to our public diplomacy strategy, and in improving the public's perception of U.S. policy in Central America for the Caribbean."

It goes on to say that you will serve as the technical representative. And on the next page its sole-source justification attached.

MR. CHRISTMAS: The third page.

BY MR. OLIVER:

Q Why were the services to be rendered by Mark Richards Associates critical to our public diplomacy strategy?

A The perception, I didn't reach this decision, but the feeling was that Mark Richards had unique talents, and that we were having very strong difficulty in getting detailees from agencies that had certain public diplomacy expertise, and I think that what the Department of Defense was willing to provide us was not a person that had the capabilities of Mark Richards. That is the background in both Defense public affairs and intelligence, and I think that that was the rationale for Mark or part of it. That wasn't my decision when he ceased to be an active-duty member of the Air Force.

Q How did he improve the public's perception of U.S. policy in Central America?

A He had very, very good relations with an awful lot of reporters that he had built up over the years in the defense area, and it was felt that we could continue to utilize those unique assets, that it would help us get our message out.

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Q Was the Bureau of Public Affairs aware of his

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briefing of these journalists?

A I can't tell you one way or the other.

Q Was there somebody else supervising his work besides you?

A Ambassador Reich.

Q He reported to Ambassador Reich rather than to you?

A In most cases, although, as I have admitted, there were times that we had to rein Mark in. I felt that there were times that he was a little too easy, you know, wanting to get stuff out before the fact that we had properly ~~bedded~~ vetted everything.

Q Would you elaborate, "everything?" What do you mean by reining him in? And what had he done that wasn't proper?

A There wasn't anything that he did that I was aware of. What he had proposed sometimes he was so anxious -- the that of shelf life on intelligence matters. it was a delicate balance, shelf life in intelligence matters is rather short, but by the same token, we had to protect sources and methods and our idea was to properly declassify as rapidly as possible. He was frustrated by that and there were times that Mark would threaten to go public before we declassified certain things, and that is what I was worried about, when I said we had to rein him in.

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Q What do you mean by threat to go public?

A Well, I mean he would not go public, but he would threaten to go out and get something before we had finished declassification.

Q Who would he threaten?

A He would say, this is stupid, you know, this is why the bureaucracy is so horrible, I'm going to do X, Y, Z, and I said you can't do that. You know, this operation will be shut down immediately if you go around giving out information that hasn't been declassified.

Q Did he ever give out information that had not been declassified?

A I cannot tell you for a fact on that.

Q Your testimony is he just threatened to, but you have no knowledge that he ever did?

A I have no knowledge that he did, but I can't preclude anything.

Q Do you remember any specific instance when any classified information appeared in the media that emanated from LPD or from Mark Richards?

A I don't recall specific instances.

Q Do you recall any specific instance?

A I recall a specific instance of things leaking out all the time from both the Executive and Legislative Branches, and from both the White House and the State Department.

Q My question was whether or not you remember a specific instance where there was any information that came from LPD.

A The answer is, I cannot specifically.

Q And who provided Mr. Richards with this classified information?

A He would read in the daily briefing. We had a daily briefing from Intelligence and Research Bureau, which was totally authorized by the ~~SSBX~~ S/S-EX, and at 11 o'clock every morning we would have an intelligence briefing officer come in and brief those of us that had the proper clearances.

Q As his technical representative, did you arrange for Mark Richards to have a security clearance?

A He had the security clearance when he was at the Air Force and I asked our administrative people to handle that, but I myself would not be dealing with it.

Q What do you mean to handle it?

A Well, we hire administrative people to do those sorts of things. I asked that his classifications be transferred and updated when he ceased to be an active-duty member of the Air Force.

Q How much time did that take?

A I don't really know, because sometimes it was quick and sometimes it was very slow. In my case, I got [redacted] clearance immediately.

Q What do you mean by immediately?

A Within hours. I don't know why. The request went in to INR. It wasn't handled by me.

Q Who told you you had [redacted] within hours?

A I was told by the briefer from intelligence. I had to go to a briefing that was put together by INR, and I certified after I had gone to the briefing, they said you now have [redacted]

Q Why did you need [redacted] clearance?

A It was felt that there was an awful lot of data that was coming in, [redacted] that we should be privy to, so that we could then attempt to get the word out and go through declassification. I frankly think it made a lot of sense. There weren't that many people in the office that had [redacted]

Q Who else had [redacted] clearance besides you?

A John Blacken, obviously before John Blacken, ~~Dubois~~ Dubose did, Larry Tracy, later Colonel Jacobowitz did. I think that may have been --

Q Did Mark Richards have [redacted] clearance?

A I thought he did. [redacted]

Q But you don't remember?

A No, I can't specifically say that I saw him come in with a certification.

Q You would have known it, wouldn't you? You were his supervisor.

A No, but the administrative people would have. If you are asking in hindsight, should I have followed up, that is very possible, but, no, I would not have necessarily.

Q On page 2 of the contract dated February 26, 1985, there is a list of tasks that the contractor will perform, and there are five of them listed there, and No. 5 says, "Under the guidance of, and when authorized by ~~SLPD~~ S/LPD, will release privileged information, on a selective basis, to the media."

What does that mean?

A I can only assume, because I did not write this, although I am down for a clearance even though I didn't clear it, that this means possibly that after it has been declassified, we would give information on a sole-source basis, because if you were sending, if you called up ABC, NBC and CBS and gave them the same information, you may not get it out, but if you said, "You have an exclusive," a policy that is understood at this end of Pennsylvania Avenue as well, that somebody is going to run with it a little harder. I think that may be what that means, but

I did not draw this up.

Q You were the technical representative in all instances on these contracts, and you were supposed to, if you were doing your job, to supervise what was going on there --

A I leave it up to you.

MR. CHRISTMAS: There is no question pending. Counsel is only stating his personal opinion.

MR. OLIVER: I'm trying to determine, counsel, whether or not he performed this function as technical representative which he was required to.

MR. CHRISTMAS: That is not your question. Your question was a statement. You should have asked, this was your job.

MR. OLIVER: If you will let me finish, I will get to the question.

MR. CHRISTMAS: Counsel, I have objected to your question.

BY MR. OLIVER:

Q What is privileged information?

A I don't know. I didn't draft this.

Q You cleared it, didn't you?

A That is not my initial either. I don't know. I gave you, if you will look back at the transcript, an interpretation which I probably shouldn't even have done in that regard, but I cannot tell you actually what that means. These are buzz words done by administrative people.

Q When it says under the guidance of and authorized by ~~SLPD~~ S/LPD --

A Right.

Q -- who was it contemplated in this contract would give that guidance and would authorize?

A It would have to be authorized by Ambassador Reich.

Q Why do you say that?

A Because he was the boss. That sort of stuff has to be made by the boss, and we are not that large an operation. We were not that large an operation, and that would have to be, if he was going to go to an ABC or Newsweek or something that would have to be authorized by Ambassador Reich.

Q As I look at --

A However, I find it interesting that no questions were raised by the contracting people at the State Department about it.

Q As I look through all of this material, these contracts, the vouchers, the memorandums certifying the work has been done, asking for payment --

A No, that is different.

Q What I'm saying is that you indicate that Otto

Reich would have had to do this, in your previous answer. Otto Reich isn't mentioned in here anywhere, but you are mentioned as the official technical representative, you are the person authorizing the payments.

My question is, is it your testimony that this function was not, that you were not involved in this function, that only -- I'm talking about No. 5 -- that only Otto Reich was involved in this function?

A I'm saying No. 5, I have read E. B. White, No. 5 does not say Jonathan Miller, the technical representative. No. 5, in a small shop like ours, was something like what I referred to, released privileged information, is something that should not be done by a technical representative. It should be done by the head of the office, and I would never have authorized that unless Ambassador Reich was aware of it and concurred. That is all I'm saying.

Q Did you ever authorize the release of privileged information on a selective basis by Mark Richards?

A I don't recall ever doing that, unless --

Q Did Otto Reich ever?

A It is very --

Q To your knowledge?

A It is very conceivable.

Q Authorize the release of privileged information on a selective basis?

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A It's very conceivable that he authorized declassified information on a selective basis that could be construed as "privileged." That is possible.

Q Mr. Miller, you have certified to the contracts office that this work has been performed. In this contract this is one of the tasks, and you certified that the work had been performed, and asked for payment.

Are you saying that you did not, that you do not know or did not know whether or not this work was performed?

A I'm saying that I do not recall specifically on No. 5. In general, if I certified it, then I was saying that he provided those tasks. You know, you must have a tremendous sense of recall that I don't possess, and I admire you for it, but I do not specifically remember No. 5, but if I certified on a monthly basis that he did those things, then he must have done those things.

Q Do you remember or recall whether or not Mark Richards or anybody else in LPD leaked information to the press about Central America?

A I don't recall any specific case. I may have had suspicions in certain cases that all sorts of people within the Department of State as well as everywhere else did, but I do not specifically recall, nor am I aware nor did I authorize a leak.

Q Did you ever leak any information to the media?

A I think to be totally honest on a couple of occasions I did.

Q Was this information classified information?

A In one specific case I think it was.

Q Who did you leak that information to?

A I'm not sure, but I think it may have been to someone at National Public Radio.

Q And what was the subject or substance of the information?

A It was about the use, ironically, and very, very ironic, the use of [redacted]

Q Where did you get that information?

A I got it from I think the INR briefing.

Q Do you remember any other occasions on which you leaked classified information?

A No.

Q What was the procedure for --

A Declassification?

Q Declassification of the material that Mark Richards utilized?

A The request could go -- I didn't handle them, but my general knowledge is the request could go through the Intelligence and Research Bureau, or it could go directly to the CIA, or occasionally, if things were necessary to be declassified rather rapidly, a request would possibly go on the secure line to the NSC and the NSC would handle it.

Q Who at the NSC would handle it?

A Sometimes Walt Raymond, sometimes Constantine Menges ~~Burgess~~, sometimes Ollie North, but certification would have to come back through channels through the NSC or the State Department, but I didn't personally handle those things. Most occasions they were handled by John Blacken or Otto Reich, but I knew the general channel in which you did it.

Q Did Mark Richards send these materials to you for clearance before he gave them to the media?

A Yes, on certain occasions I know he sent material up the line.

Now, I cannot tell you, as I have said before, that I'm omniscient and say that he did it in all cases.

Q When you say up the line, what was the line?

A Give it to me or give it to Otto. He would call cables and say, "We've got to get this out," and send it to INR and say, "Can we get this." It was on ~~articles~~ armaments showing up [redacted] that had been transshipped for Nicaragua, and things like that.

Q And do you recall any instances in which declassification of information was ever denied?

A Yes. I can't tell you what they were. We recognized that we weren't going to bat a thousand, and that there were sources and methods. There had to be. We would appeal a lot, but we didn't win them all by any stretch of the imagination.

Q Do you remember any instances in which you sought declassification and were denied and appealed and were denied?

A I'm sure they happened, but I can't tell you specifically.

Q You can't remember any specific instances?

A No.

Q All of this information I assume pertained to Central America?

A Oh, we didn't deal in anything else.

Q Did you get a regular cable take every day at LPD from the --

A The OPS center?

Q From the OPS center. Did you also get a CIA take every day?

A No, we would get the INR extract that the INR Bureau felt was relevant for us, and it did not include, specifically we went over backwards to make sure it didn't cover any other part of the world, because they felt it wasn't relevant to our activities.

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Q Did you have any CIA detailees?

A No. That was a specific --

MR. CHRISTMAS: Counsel hasn't finished his question. I'm sorry.

BY MR. OLIVER:

Q At LPD?

A That was discussed on several occasions by Otto, and he felt that it would be very, very -- it would hurt our credibility, if we had agency people there, because of the perception of agency people, and so he said he never wanted to have agency people on the LPD rolls.

MR. OLIVER: I would like to ask the reporter to mark this as Miller Exhibit No. 3.

(Miller Deposition Exhibit No. 3 was marked for identification.)

MR. OLIVER: Let the record show that Exhibit No. 2 has approximately forty- two pages, according to Mr. Christmas' ~~Miller's~~ count, which I will accept.

BY MR. OLIVER:

Q I would like to ask the witness to examine Exhibit No. 3, which contains five pages, the first page of which is an organizational chart, the Office of Latin American Diplomacy, as of November, 1983.

Mr. Miller, did you ever see this chart before?

A I don't think so. I don't recall it. There

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was so much going on at this point in time, and I think I may not have actually physically been there at the time. I don't remember it.

Q Did you ever see it at any time or don't you recall?

A I may have, because the names --

MR. CHRISTMAS: It pertains to the chart itself.

BY MR. OLIVER:

Q The chart itself.

A I can't say one way or the other, I'm sorry.

Q In looking at the chart, does this chart represent to your knowledge the organization of SLPD?

MR. CHRISTMAS: At what point in time, sir?

BY MR. OLIVER:

Q At the point in time in which he became familiar with the organization.

A No, it did not.

Q What differs from this chart and the actual organization of SLPD as you knew it?

A There was no intelligence community liaison, and there was no congressional affairs position. I think basically that's it. I mean the secretaries may have been different, but those two boxes were never filled.

Q You indicated at one point earlier in your testimony that you were having difficulty in getting detailees from other agencies. Why were you having that difficulty?

A Well, everybody had difficulty in the Federal Government. We used to have difficulty getting detailees at the White House. Nobody wants to give up anybody, especially if they are competent and the ones they are willing to give you you have got a question as to whether they were being off-loaded, so it was a natural bureaucratic thing.

We didn't feel we were being singled out, plus we were an anomaly, an interagency ~~instead of~~ formed by an NSC directive, but it was housed at the State Department, and so we were of sort of questionable parentage, so it was always, it came in the middle; in addition it came in the middle of the assignment cycle, which was very, very difficult, so there were all sorts of reasons, which were pretty understandable.

Q But for the most part, wasn't LPD primarily staffed by detailees from other agencies?

A Oh, yes, that is true.

Q Did you have any assistance from the White House in obtaining these detailees?

A I don't have any recall in that area. I don't think so.

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Q Weren't you the liaison with the White House?

A I personally didn't, and I don't think Otto did either. I think we dealt in channel.

Now, are you talking about the White House or the NSC? I don't mean to split hairs.

Q That's all right. Go ahead and split them. If you would like to make a distinction between the two, please do.

A That is what I was, because once I took the management job at the White House, I recognized that they were different, different appropriations and everything else. We didn't go to the White House seeking help. It's very conceivable -- in fact, I would say it's probable -- that Otto on numerous occasions would cry on Walt Raymond's shoulders and say, "We're not getting the bodies." And since Walt was the sort of international public diplomacy officer --

Q He was sort of the person you reported to, LPD did at the White House?

A At NSC.

Q At NSC?

A Yes.

Q And then were you aware of Walt Raymond being of assistance in breaking loose these detailees that you needed?

A I know that, for instance, he would talk to people at State about bring State people on board, and he talked to people at USIA about bringing USIA people on board. We didn't need to have him talk to AID because I had better relations with AID than he did, so I was the one that dealt with AID. I don't know who handled the Defense Department, but those were the three agencies that contributed above and beyond State ~~and~~ USIA, DoD and AID.

Q In this chart, it has notes, "Senior adviser DoD detail Tracy." What were the duties of the senior adviser?

A Theoretically Colonel Tracy was to focus on things like the military buildup of the Sandinistas, [redacted] I underscore the word "theoretical," because Larry is in the best sense of a word a gregarious Irish-Catholic who loves to speak and he was on the potato circuit all the time. He loved to go out and give speeches. If there was a forum with Ray Bonner or Ambassador White, he would love to, ~~and~~ at an Congregational Church in Vermont that was going to be contentious, he would love to go speak, and so he was basically that senior adviser was for Larry's purposes a title, but he was the number-one speaker of the public diplomacy operation. He was on the road more than he was in the office.

Q Was he on the same level as you and John Blacken, as this chart would seem to indicate?

A It was our operation, as you have probably figured out, it was fairly egalitarian. In fact, there was not a lot of deference, It was irreverent, given to Ambassador Reich by the staff. There was a lot of affection, but we really didn't look at levels. I can't say that ~~is~~ this chart is right or wrong. To me it's irrelevant.

Q There is an indication there in one box it says, "Research and information gathering," and in parenthesis, "(position to be established)," and then the name Romero. Who was Romero?

A Peter Romero had served in a political section of the embassy in El Salvador. He is now, I think, he is a Foreign Service Officer at the ~~Council~~ Consulate General in Naples, but he was the person that would work on gleaning an awful lot of information, and he was the first person to start putting together the books that we did, the publications that we did. Frankly, he is one of the best employees we ever had.

Q I know you said you hadn't seen this chart before, but do you know why it would say on there "the position to be established"? Were you having difficulty getting these positions authorized within LPD? Is that what this signifies?

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A Which is certainly typical when you create a new monster out of nothing.

end 2
emm
2a fls md

2A
md 1

fls emm

Q So, in effect, you ~~all~~ were trying to create a bigger Department than someone wanted you to create, is that right?

A Well, no, I wouldn't agree with that at all. We had to, and I think it was necessary, to justify each position, and I think that is the way it should be. We did not have a blank check, and this was, I assume, although I have never seen it, was a snapshot at one point of where Otto thought the office should go, and was probably a working paper to argue with the bureaucratic powers at the ~~Bureau~~ Department.

There was an awful lot of to-ing and fro-ing, which is probably good, with the S. Bureau and the M. Bureau with everybody, what was the proper fit for SLPD.

Q You had already made the decision in November of 1983 to take this job?

A At some point, yes, but I was happily in the Kalahari Desert in southern Africa.

Q Do you wish you had stayed there?

A There are many times I wish I were back there.

Q The next couple of pages in this exhibit, the title page, LPD January 31, 1984, assignments and tasks. Then, the next page, it says "Taskers J. Miller."

A Yes.

Q I assume that is you; is that correct?

A Oh, this ~~os~~ was one of many early on. We had all sorts

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of things like this, which basically were as obsolete when they came out, and Otto was very big on this sort of thing, and no one had time to actually worry about their taskers.

There were tons of these.

Q Did you draft that?

A No.

Q But you have seen this before?

A Oh, yes, I have seen it before. I remember it.

Q So, who would have drafted this piece of paper?

A Gosh, I don't know. It could be Patrice Malone, who was Otto's Special Assistant at the time. It could be Victor ~~Bonia~~ Bonilla, a Foreign Service Officer really on loan that didn't have any other assigned duties.

Q This would come to you like this; is that correct?

A It would be produced by someone on the staff, and it was abandoned rather quickly, because no one could keep up with these taskers. We had our plates full.

Q But basically, this would come to you from somebody [illegible]though this was what you were supposed to do?

A I think it was generated on the basis of things that Otto would say in out staff meetings, and someone on the staff would prepare it, and it was on the Wang, and it would be updated.

It could be by John ~~Seach~~ Scaife. There is another person I am thinking of. But I frankly, for one, and I wasn't the only staff member, did not really pay any attention to it, because we had enough business doing our jobs.

Q The first one here is dated January 1st, 1984.

A Yes.

Q Then there is another one dated May 17, 1984.

A No.

Q Apparently it wasn't abandoned too quickly.

A Time is relative. It was never ever-except by Otto-considered by the staff to be an important thing. As you already know, as Otto referred to Under Secretary Eagelburger, we were sort of like the Dirty Dozen here, a rather irreverent staff~~er~~.

Q To Otto, irreverent to Otto, or irreverent to who?

A Yes, there was a great love for Otto, but it was a very informal group. Everybody there was a volunteer. It was very egalitarian and very atypical bureaucracy. Not State Department, that is for sure.

Q Let's look at this list a minute, and talk about it a few minutes. Number one is a plan for briefing State legislators, which, when, by whom, et cetera. It has besides it priority H.

A Yes, high.

Q High?

A Medium and low.

Q High, medium and ~~law.~~ low

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A Monitor FBIS, as an example. That is number 10. I don't have enough hours in the day to go through FBIS.

Q Did you develop a plan for briefing State legislators?

A No, I don't think we ever did. We didn't have time. I mean, we had to look from minute to minute on what was breaking. We had talked about it, but there never seemed to be a proper forum in which we were doing this, plus we had to, I remember in this case, coordinate with public affairs, and public affairs was not enamored with the plan.

At the time, there were many, many, many pending resolutions at State legislatures about our Central American policy, and there was a perception that -- for instance, I remember the State of Hawaii had some pending legislation, that the people really didn't understand, and we had considered at one time whether we should brief them either in the State or bring them to Washington, and the plan never got off the [illegible].

Q When you say high priority for documents, do you know what that referred to?

A Let me tell you what it became later on, but at this time I can't recall. I was rather green. But I know that there were Congressmen, especially Newt Gingrich, that had an insatiable appetite, that were always demanding things immediately, like "I want to know," as I said, "the number of political

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prisoners in Sandinista prisons. I want to know this, I want to know that. " you I assumed that that is what that sort of thing was. They were never ending.

Q What was the priority attached to that?

A Well, Otto felt first and foremost that we had to provide all the information, because our biggest problem was misunderstanding on the Hill.

Q But when you say Hill priority list, did that refer to a list of people on the Hill who had priority over others?

A I can't tell you.

No, I don't think so. I think it was, you know --

Q What was number 4, the media coordinator? Do you remember?

A That was to find somebody who was going to handle -- we were getting dozens of requests— It was later filled by Janis Barb~~erry~~ ieri gr — from radio stations and local affiliates and newspapers and everything else for spokesmen, and the Public [Affairs] [redacted] Operation at the State Department said, "Look, we have [six or] seven priorities. Central America is one of them." We had one person that had to work with PA, and I was doing it on an ad hoc basis, and I had to go out and find somebody. Otto kept saying --

Q Number 9 says, "Identify target audiences for Congress." What does that refer to?

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A I don't know. I really don't know. I am not being

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[illegible] I don't know.

Q It had a high priority, and I thought you might recall.

md 6

A Otto had 88 brilliant ideas every day that had high priorities. I am sure that you, having worked on the Hill, are aware that there are members that do the same thing, and just as you are getting on to one thing, you have got to work on something else. I cannot tell you.

Q What about "Ideas for Op Ed Pieces," number 11. What was that about?

A There was a feeling, and I didn't end up spending any time on this, remember at this time there weren't many of us on board, that we continually needed people to go out in prestigous -- I didn't ~~chair~~ share this with Otto, because I felt Op Ed pieces outside of the Beltway have zero effects, that they are primarily ego trips for people inside of Washington, but there was a feeling that we should have, [illegible]ially where we were getting pummelled on ideas like [illegible]ontras were nothing but a bunch of old Somo~~f~~cistas, that we should have prestigous people like Jeane Kirkpatrick writing Op Ed pieces for the New York Times, The Wall Street Jou r nal and The Washington Post, et cetera, et cetera, and that was another one of Ot~~d~~o's ideas.

especially>

the>

I had strong disagreement with the value of pieces. He adores them, thought they were very important.

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Q Did you generate a lot of Op Ed pieces?

A No, I don't think we did. We spent a lot of time and usually, by the time it got cleared, the Op Ed piece was ready, it was too late, because it wasn't cleared in an intelligence sense, but it had to be cleared by the Public Affairs Bureau, the S. Bureau and ARA and everything else, and by that point, the moment had passed.

Q Did you contract with outside contractors to write Op Ed pieces?

A I don't think originally. I know you are going to get into IBC. That was one of IBC's.

Q I don't know what made you --

MR. CHRISTMAS: Don't give him any ideas. Maybe we will skip and go over that.

MR. OLIVER: We will get there.

THE WITNESS: At some point, Op Ed pieces were handled by contractors. To the best of my knowledge, ,fewer government [illegible]ials.

BY MR. OLIVER:

Q Do you have any knowledge of these Op Ed pieces being written under contract for LPD by private citizens?

A I think so, but I think it was well known in the Contracting Section at State.

Q Did these Op Ed pieces indicate when they were written, that they had been paid for or would have been paid

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by LPD to do this?

A No, because the feeling was that if appropriated funds were used for Johnathan Miller to write a piece for Secretary Shultz or for Frank Gomez to use it, since contractors were considered legitimate extensions of LPD at the time -- now, we may be engaged in revisionist interpretation, but at the time, it was considered okay, that there was no distinction in that regard, and Secretary Shultz or Congressman Fascell, when they had a piece in The New York Times, he usually doesn't say the following was written by X person.

Q Congressman Fascell usually writes his own?

A I should have used another example.

Q The idea that I am concerned with here is that --

A We did not attempt to hide it, no.

Q Did you pay outside contractors to write Op Ed pieces which were published without attribution to the U.S. Government?

A Would you sort of --

Q What I am saying, would you pay an individual to write an Op Ed piece, provide him with information, declassified information, and pay him $500 or so, as an example, and then have that fellow publish an article in a newspaper and say, this is Joe Blow, who is Professor in Podunk, and with no further identification in terms of being a consultant to LPD?

A Not that I am aware of. I mean, there may have been people who did that, and I know, for instance, that in one or two cases, especially in Costa Rica, Frank Gomez did write some pieces, but he had said that he was doing this, these were ideas that he came up with on his own as a private citizen.

Now, maybe he should have said Mr. Gomez serves as a consultant at the State Department, but in that specific case, I remember that I said after the fact, "I have written this as a private citizen." I cannot tell you where it was published. I don't even know if it was accepted, if that is what you are referring to.

Q No, I am not referring to that. I am referring to your contracting with an individual or individuals to write for the specific purpose in the contract of writing Op Ed pieces.

A Under his byline?

Q Under his byline.

A Absolutely not.

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ake #3
.2:30 p.m.

MR. CHRISTMAS: Did he do it?

MR. OLIVER: Did he know about it?

MR. CHRISTMAS: Did he know?

MR. OLIVER: I asked him if he knew whether or not this was done in LPD.

THE WITNESS: No.

BY MR. OLIVER:

Q Second question: Did you have anything to do with it? And your answer is?

A No.

Q There is a reference in here to Parade Magazine article on Bolonas. What does that refer to?

A I remember Otto using Parade Magazine as an example of the type of vehicle we should use, like he had done with Readers Digest. I cannot tell you Bolonas -- there were lots of cases, lots of times, I probably should. Parade Magazine was used as an example all the time. I don't think we ever successfully got anything into Parade Magazine.

Q Number 12 says, "Coordinate with W/PMC or coordinate with PMC Re: Korologas and Gray means and objective for OR." I assume that is Otto Reich. What was PMC?

A I don't know now. I am sure I knew at the time. I can't tell you. You may be able to refresh me. I obviously know who Bob Gray is.

Q Why were you supposed to coordinate these meetings,

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and what were the objectives?

A Because these are former, are people involved in the public relations area, and I think Otto wanted to get ideas on how to undertake this rather new idea. Since I had at least a nominal political background, I would usually get assigned.

Q Go back to the last page here, which is dated May 24, and we see number 2, 12, 14, 22, 24 and 25. I assume that this is your word processor still maintaining things that had not been done, eliminating things that had been done, is that correct?

A Yes. I now remember these would get handed out at staff meetings, and we would sort of cackle and we would say we haven't done number 22 yet.

Q Who was Jose Cunningham?

A I don't know. I knew at the time. But I don't know now. It was a low priority, and I will lay you dollars to donuts I never did it.

Q Was Jose Cunningham a Central American citizen?

A I don't know. 1983-'84 I could have told you.

Q Did you ever raise the Korologos and Gray meetings?

A No. He may have met with Bob Gray on his own, but I never did.

MR. OLIVER: This is a good time to take a break. Is 45 minutes enough?

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THE WITNESS: It is more than enough.

MR. OLIVER: Let's try to get back at 1:15.

(Whereupon, at 12:34 p.m., the select committee recessed until 1:15 p.m. the same day.)

otson/drg
ake #4
:15 p.m.

AFTERNOON SESSION

Whereupon,

JONATHAN MILLER,

resumed the stand as a witness and having been previously duly sworn, was examined and testified further as follows:

EXAMINATION BY COUNSEL FOR THE HOUSE SELECT COMMITTEE

BY MR. OLIVER:

Q Back on the record.

Mr. Miller, I want to ask you about a couple things, one I am sure you are aware of and evoked some curiosity. Secretary Shultz testified before the committee that you were trying to interfere with his travel plans. Are you familiar with that statement that was made by Secretary Shultz?

A I am quite familiar. I almost went into cardiac arrest when I heard him refer to it.

Q Could you tell us why, in your opinion, or what you know about his allegations that would, or what circumstances would have caused him to have made that statement?

A I was a bit flabbergasted when I heard it, for many reasons, one of which is as Deputy Assistant to the President for Management, I do not have the authority to approve or disapprove, or did not have the authority to approve or disapprove Presidential missions.

I also, as did my predecessors, made recommendations to the Chief of Staff, the Chief of Staff made that decision. All Presidential missions. So, number one, it wasn't, I never would make that final determination. Number two, the Chief of Staff was very close and still is a very close personal friend of the Secretary of State, and at no time was I ever told, and subsequently since I happen to share a suite with Mr. Regan even as we speak, he has said he was ever aware of George Shultz having problems with aircraft; and considering the fact they are, among other things, golfing buddies, I was a bit flabbergasted the Chief of Staff didn't know about it, but the President of the United States had to be bothered by it.

Thirdly, I had a good working relationship with the aides of Secretary ~~to~~ at the State Department, and I never received any phone calls on that. The actual fact is we, my instructions from the Chief of Staff, as were my predecessor's, was to be very tight on Presidential missions, that they were not to be an excuse to augment these departmental budgets.

I became rather infamous in my one year as Deputy Assistant President for Management to be tight fisted. There were times I would tell the Chief of Staff he couldn't use the U.S. Air Force jet. There were times my former boss, Jim Baker, was informed Treasury would have to pay for things. I did not single out the Secretary of State, and I agree with Chief of Staff Regan's assumption this was primarily a turf battle, and knowing the State Department bureaucracy, I felt that probably was something the Secretary was misinformed on, and I think he sort of later in testimony realized there was a tempest in the tea pot.

The long and short of it is I think the Secretary was mistaken and given bad information by staff.

Q You never denied his request for an airplane?

A No, the Secretary of State has never gone on a mission without a U.S. Air Force jet. Questions came up as to whether the State Department should pay or the Department of Defense. That is a question of whether it is a Presidential mission. The Secretary of State was always handled in a memorandum to the Chief of Staff. The same with the Secretary of Treasury, HUD -- there were times I would recommend that -- Ed Meese, when going to Europe, had the Justice Department pay for an Air Force jet or he would go commercial. I did not single the Secretary out. I am a Scotsman by background, and I am very tight fisted.

Q Did you ever learn who had informed the Secretary you were involved in this?

A No. I am somewhat philosophical now. It really isn't relevant. We are sort of worrying about who is carrying the stiletto. You can worry all day. I have my own ideas. It is not worth worrying about.

Q Do you think it might have been related in some way to what you refer to as your -- LPD's kind of unpopular position in the State Department?

A No. I think it was possibly, if anything, I was more abrasive. Although I got on well with people personally, I was tough in my role as Senior Director for Coordination at NSC on Presidential visits, and if there was -- if there were ruffled feathers on my part, and I am just speculating, it would have probably been more from my handling of Presidential foreign travel and being tough on the State Department in trying to keep their delegations down. They had a tendency to take more people than the President did.

Q Did you have anything to do with approving transportation, either local or air, for Oliver North?

MR. CHRISTMAS: While he was at the White House?

MR. OLIVER: While he was at the White House.

THE WITNESS: On a couple of occasions, I would chew out Bob Earl because I found out they had gone directly to DOD. I don't know -- I never, never was involved in providing any transport for any of Colonel North's activities.

BY MR. OLIVER:

Q Would a request for U.S. Government transportation, airplane transportation, by Colonel North come through you?

A It should, but it didn't, if it was to be a Presidential mission. We only handled Presidential missions. There was a separate office within the Department of Defense air missions were sent up without our knowledge. They were just authorized by the Department of Defense, and from what I was able to ascertain, that was the case with Colonel North. He never went through my office or went through the White House military office that I am aware.

Q Did you ever meet Bill Casey?

A No. I have seen him, but I have never met him.

Q Did you ever meet Dewey Clarridge?

A I may have at a retirement party for a friend of mine at the agency.

Q Who was that friend?

A A friend named [redacted]

Q Did you ever meet Clair~~e~~ George?

A I don't think so.

C/CATF

Q When did you first meet [redacted]

A I can't really tell you. I think probably late '84, but I can't swear. It could be one side or the other.

Q Did you meet him in one of these public diplomacy meetings at the White House?

A No.

Q Where did you meet him?

A From time to time as we got involved in congressional, legislation pending on the Hill, there would be pulled together a group of people under the aegis of ~~John~~ Don Fortier,

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and they needed basically someone to do the foot work, and since we were always considered good people, LPD always did the foot work. The people, there were people from White House Legislative Affairs, State Department Legislative Affairs, a couple people from the Agencie~~s~~ y, some NSC people like Ray Burghardt ~~Burkhart~~ and Ollie and Don, C/CATF [redacted] that is where I saw C/CATF [redacted] all the time.

Q Did Walt Raymond participate in those meetings?

A No.

Q What was LPD's role in the legislative effort?

A It was primarily to gather documents and material, because there was a frustration, even on the part of the Legislative Affairs people, Fox particularly, at the State Department, that wheels move too slowly, and when Bob Mich~~a~~el is wanted something,we had to get it up there, and we were the guys supposed to race around and even if we hacked up people at the State Department or in the, you know, DOD or whatever we had to get, we didn't worry about the ramifications, we had to get the material.

Q What kind of material would Ed Fox want for Bob Mich~~a~~el~~s~~ e that couldn't be provided by Ed Fox?

A He would just pick up the phone and call me because Ed had some problems with his own people that were not, they were nine-to-fivers. They didn't move with the swiftness of speed. In fact, that is how I think it first

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received the attention of people in the NSC.

I was able to say yes and be there at 8:00 o'clock at night or 7:00 in the morning, that type of thing. They wanted people to do that sort of thing, and Ed felt his own bureau, as well as other bureaus, just moved rather slowly.

Q What kind of material would they ask for?

A Things I have referenced before. I mean, it would be preparing books for refuting all the accusations that certain opponents ~~proponents~~ of the administration would made on our position in, our positions, you know, some of the great myths about the contras. It would be to detail -- this was all unclassified stuff -- compiling what armaments had poured in under Soviet aid.

Q Was this stuff that had been declassified for LPD?

A Yes. Declassified generally. A lot of times we were picking stuff off the shelf. We were, in effect, a clearing house at that point. They could sort of do their one-stop shopping. We were the ones who had to do the foot work.

A lot of it was not sexy stuff. That way they don't have to call up ARA, or call up the desk ~~DBS~~ or go over and get something. We were the ones who had to do it. It was not exactly, as I say, sexy activity.

Q Did you know Vince Cannistraro?

A Yes.

Q In what context?

A I first met him very casually when I was at State, and I got to know Vince in a personal fashion when I was at NSC. I was never aware what his account was. I knew he was [redacted] working for de Graffenreid, he would show up at Ollie's office, but I don't know what he actually did. Professionally, did I work with him? No.

Q Did you have any relationship with Secretary Shultz when you were at the State Department as Deputy Coordinator for LPD?

A Occasionally I wold be up on the Secretary's floor, once or twice be involved in a briefing. That was the extent of it.

Q Did you participate in any regular meetings with the Secretary? Did Otto participate in regular meetings with the Secretary?

A Yes, he would have occasional briefings with the Secretary. Sometimes one on one. One I remember a huge operation -- I can't say one on one. Usually there was someone else in with the Secretary, with Charlie Hill or other people.

Q Did you have any working relationship with Don Gregg?

A None.

Q Do you know Don Gregg?

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A I know Don because I used to sit next to him at staff meetings, but I never had any working relationship.

Q Did LPD, anyone from the Vice President's office, participate in any of the working groups LPD was involved in?

A I don't think so.

Q No one participated in the public relations group?

A No.

MR. CHRISTMAS: You are only referring to the time he was employed at LPD?

MR. OLIVER: That is correct.

THE WITNESS: Not that I am aware.

BY MR. OLIVER:

Q When did you first meet Frank Gomez?

A I think in early 1984. It was either December, '83, when I came back from Africa, or early 1984.

Q What was he doing when you met him?

A I think he was retiring as a USIA officer. I think he was running, I may not be correct, he was running one of the foreign press centers.

Q Didn't LPD deal deal a lot with the Federal Press Center?

A We did to a large extent. That was part of our mandate, to not only get information out to domestic offices, but to get it to European and Latin American offices. So we would provide materials to the Foreign Press Center.

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Q Was Frank Gomez running the center at that time?

A I didn't know him that well at the time. I can't remember. I mean, I think he was, but I am not sure.

Q When did you first learn of the possibility Frank Gomez might become a contractor of LPD?

A Fairly early on. I was told, I can't remember whether it was by Otto or John Scaife, a USIA detailee, that he had the requisite expertise.

Q Were you aware he was working with Rich Miller at that time?

A No, I wasn't at that time.

Q Were you aware that Rich Miller had left AID to form a consulting firm?

A I think I was, but I can't swear by it. You know, there was that nice period where I was ~~not~~ out in the bush checking for Peace Corps volunteers and was out of touch, but at some point I became aware of it.

Q When did you become aware of the working relationship between Rich Miller and Frank Gomez?

A I am not sure. I would say probably spring of '84, but I can't be more detailed than that.

Q Were you the technical representative on Frank Gomez's consulting contract?

A I have had my memory refreshed through people in the press. Apparently, I was on several of them, and ~~I do~~

gr

~~remember Otto more clearly than Rich.~~ That was something Matthew Freeman, and before he left, an administrative person, had me designated on I think, originally some purchase orders.

Q Were you briefed on what your responsibilities were?

A No. As a matter of fact, it was sort of sloughed off, and they said basically you have to certify the guy is actually performing some work, and we will do the rest. I hate to pass the buck, but, as I said before, there were all sorts of people hired there who spend all their days under green eye shades who were supposed to review those sorts of things. I wasn't going to certify he was not doing his work, I was going to be honest in that regard. It was passed off as a rather light thing.

Q How do you know he was doing the work?

A I would see at least some of his activities -- he was reporting most of the time to John Scaife, because they had worked together at USIA plus Frank had a tendency to arrive early in the morning before I was there and give material to John. He would brief him. He spent more time talking to John Scaife, and Scaife would report to me things he was doing.

Q Did you know that Frank Gomez considered himself as an agent of Rich Miller during these initial contracts?

A No, I did not. In fact, it was my impression he was operating independently.

Q You are familiar, of course, with the IBC contracts?

A I am familiar by reference. I haven't seen them since 1983-'84, whenever I left.

Q You have not seen them?

A No.

Q Were you questioned about these contracts by the Inspector General's office?

A Yes, I was. In fact, I take that back. I may have had it waved in front of my nose. I did talk to the Inspector General.

Q Have you talked to the General Accounting Office about those contracts?

A No, I haven't. I am sure that is the next stop.

Q Have you talked to Rich Miller or Frank Gomez about these contracts this year?

A No.

Q Have you talked to Otto Reich about these contracts this year?

A ~~We~~ I talked to Otto several times, and I think we may have referenced it in May -- I am not sure -- Otto came out to my house for dinner. We are still quite close. We couldn't go into this, because we didn't want to sort of compare notes and pre-cook any testimony. Yes, there were references to it, but we didn't go into detail.

Q Did Otto Reich discuss with you his testimony before this committee?

A No. And I have not spoken to him since he apparently came here. I intentionally have not talked to him at all.

Q How did you know he came here?

A I heard through Bob Keagan, he thought Otto had been up here.

MR. CHRISTMAS: There are leaks in Washington.

BY MR. OLIVER:

Q Did Bob Keagan tell you about any other appearances by anyone before this committee?

A No. He was speculating, as a matter of fact. He assumed while Otto was here in July, he had visited with you. I know Otto was anxious to sort of give his side of the story. But, no, Bob didn't discuss it with anybody else, except he did relate he enjoys having these tete-a-tetes with you.

Q With me?

A Yes.

Q In particular? What did he say about me?

You are under oath.

MR. CHRISTMAS: You are under oath. Shall we go off the record?

(Discussion off the record.)

MR. OLIVER: Let's go back on the record.

BY MR. OLIVER:

Q First I note that Mr. Buck has rejoined us, and we are also joined by Vick Zangla, associate staff member of the House Select Committee.

MR. CHRISTMAS: Thank you, Counsel.

MR. OLIVER: I would like to ask the reporter to mark this as Johnathan Miller Exhibit Number 4. It is a series of documents and contracts related to State, LPD contracts with IBC and Frank Gomez.

(Exhibit No. 4 was marked for identification.)

BY MR. OLIVER:

Q Mr. Miller, these are six contracts with LPD. Would you take a look at those, just to familiarize yourself with them.

(The witness complied.)

BY MR. OLIVER:

Q Back on the record.

Mr. Miller, this first contract --

A I think technically it is a purchase order.

Q It is a purchase order, that is correct. Were you familiar with that purchase order at the time that it was made?

MR. CHRISTMAS: What is the date, do you know?

MR. OLIVER: The date of this particular purchase order is February 14, 1984. Wait a minute. No, this is not correct. August-September, 1984.

THE WITNESS: This is the one -- okay. The El Salvador?

BY MR. OLIVER:

Q Yes.

A Yes, I am familiar.

Q What did you know about this purchase order at the time?

A This was done in conjunction, this was mostly done, if I remember correctly, in El Salvador at the request of the Salvadoran Government in conjunction with some conversations Ambassador Reich had with Ambassador Pickering, and there was a real concern that the El Salvadoran military had really no basic communication skills in dealing especially with the American press.

And given the fact that Frank not only spoke fluent Spanish but had recently lived down there, his talents were asked for. We, in effect, were just the middleman on this one. This was done at the request of the Salvadoran Government by the U.S. Embassy in El Salvador to give a seminar to those members of the Salvadoran military handling their public information activities. As you are probably painfully aware, they did not have the best spit and polish about them.

Q Do you know whether or not that seminar was ever --

A I think it was.

Q -- carried out?

A It was. There was to be a follow-up one, which I think because of concerns by the Public Affairs Officer down there, Don Hamilton, it was never held. The initial session was, I was not in Salvador for that, but, yes, it was.

Q There is a little confusion here. The first page is for a purchase order, the second is for a contract of a different time. The first page is for a two-week seminar for the Salvadoran Government early August, September, 1984.

A That was to be I think a spin-off from the original one. My timeframe is very, very rough.

Q Did you know about that purchase order from the Foreign Service Institute?

MR. CHRISTMAS: Counsel, can we go back for a moment? Obviously, there is confusion.

MR. OLIVER: There is some confusion. The first page is a purchase order, an invoice from the Department of State Foreign Service Institute in the amount of $16,000 that was paid on October 25, 1984, the certified person was Anita Brown.

MR. CHRISTMAS: There was a question. This was the original seminar. Was this a follow-up seminar?

THE WITNESS: I think this was the second seminar.

MR. CHRISTMAS: That was not held?

THE WITNESS: I think it was not held. A lot of trips were made, but at the last second, because of some concerns of the U.S. Embassy in El Salvador, the second one was not held.

BY MR. OLIVER:

Q Do you know why Anita Brown would have certified it was correct and proper for payment?

A I think there were an awful lot of expenses involved. There was an ongoing effort. We were not -- this is primarily between the Foreign Services Institute— ~~who~~ we— were at best tangentially involved in this— the embassy in El Salvador and the Salvadoran Government.

But there were an awful lot of activities -- activity was generated after the first seminar and before the second one. To have taken place would have cost more than could have been recouped. I am just speculating in that regard, because I wasn't involved. Don Hamilton knows a lot more.

Q Doesn't Anita Brown work for the State Department?

A But there are thousands of people who work for the State Department, hundreds of people work in management.

Q I believe in Exhibit Number 2 there is a memo to Anita Brown from you.

A Right. I never met her, though.

Q You know who she is?

A Those are prepared by our administrative people. There are tons of memos that are generated in the bureaucracy to people you don't know.

Q Did you have anything to do with certifying that this work had been done by Frank Gomez?

A I don't remember being that involved, but if you have got documents that do on that specific one --

MR. OLIVER: Could we go off the record for just a minute.

(Discussion off the record.)

drg-end

Cantor fols

Take 5

LK-1

BY MR. OLIVER:

Q We were talking about this purchase order, August-September, 1984. You indicated that you really were not very familiar with this project.

A I still am a little confused by the way this was put together, the way the exhibit was put together. This purchase order for $1,995 I am familiar with.

Q But you are not familiar with the $16,198--

A I am familiar with that activity, but I don't remember being the certifying officer, and if my memory serves me correctly, that was done through the Foreign Service Institute and not through SLPD which is another division of the State Department.

Q But at the time it was done, was Frank Gomez a contractor to LPD?

A Yes.

Q Did you participate in any way in assisting him with the organization of this seminar that was to be held in August-September, 1984?

A No, not at all.

Q Do you know whether or not that seminar was carried out? I am talking about the $16,198, August-September seminar.

A I can't tell you for sure. I don't think it was. I think it was the second seminar, and it was not held, but since it wasn't my project, I can't swear by it.

Q And it is your testimony that you had nothing to do with him being paid for that seminar?

A I don't recall any involvement in that.

Q Are you aware that the Inspector General has indicated that the work was not performed and it was recommended that the money be returned to the U.S. Government?

A No.

Q Let's move on to the next contract, which I believe is dated February 14th, 1984. There is an amendment.

MR. CHRISTMAS: Is that the second part of this exhibit?

MR. OLIVER: That is the second part of this exhibit.

BY MR. OLIVER:

Q The first part is an amendment. The contract follows it for the provision of said services shall be from February 14th, 1984, to May 31st, 1984.

A It was still in that first batch, right?

Q Yes, that is correct. That the contract indicates that you would serve as the liaison officer for the Department of State with Frank Gomez. Did you serve in that capacity during the period of this contract?

A To a certain extent I think I did, although I think John Scaife was more involved that I was, but yes, to a certain extent I was the liaison.

SLK-3

Q What did you do as the liaison with Mr. Gomez for that contract?

A Well, he would occasionally come and say that he would like to, for instance, prepare a collection of different press outlets in Central America, of what Central Americans are saying about the situation in Nicaragua. This is an illustrative example, and feeling that it was a good way to disseminate and get out to the local and regional press, he would come up with examples like that all the time, and would bring in work products to that extent. Sometimes he would give it to me, sometimes he would give it to John Scaife who would then give it to me, because as I said, he worked with John Scaife for years at USIA, but there were translations of editorials from, as an example, from Costa Rica. There were all sorts of things that were similar to that sort of thing that he would bring in from time to time.

Q On these contracts as you looked through there on this exhibit, there are a number of contracts that stretch from February of 1984 to October, November 1, or September 30th of 1986, and on those contracts--on the first one you were the liaison officer and on the second one you were the liaison officer. On the third one you were the person who requested the orders.

A What are you looking at? Do you have a copy I can look at?

SLK-4

Q This is not in the contract. This is another document. This is in all of those documents. You were--actually there are seven contracts, one of which is not in there, and I wanted to ask you about that one in a minute, but on the six IBC contracts, two of which were Gomez, four of which were IBC, on the fourth contract you were the COTR, on the fifth contract you were proposed but not designated as the COTR, and you had some involvement in the last. Did you have anything to do with the last contract? I don't think you did.

A No.

Q You were gone by the time--

A That was one day the gods smiled on me.

Q Were you familiar with a contract with the Institute for North-South Issues in LPD?

A I was aware vaguely of the existence of the Institute for North-South Issues, and I was aware that Frank had formed it for educational purposes, and I was always unsure as to what it was, but I thought it was something that had absolutely nothing to do with us, so I don't think I was aware of any specific contract between the Institute on North-South Issues, but I am not really up-to-speed on that. I haven't looked at any paperwork in so long.

Q What was the date of your departure?

A August of 1985. I can't give you the exact date.

SLK-5

Q But you don't recall a contract at about that time from NC ? to evaluate the distribution system of LPD?

A I remember discussions which I did not favor that Frank Gomez--undertaking distribution, I felt it was superfluous and not necessary, and frankly, that was a proper role of the Public Affairs office of the Department of State, and he kept bringing the proposal up from time to time, but I never endorsed or was aware that we had done that, and when I found out later on that there was some semblance contract, I, frankly, was flabbergasted.

Q What did these contractors do for LPD while you were, at least technically, the person to whom they were reporting?

A Well, rather quickly, Frank became the primary handler for defectors, which is why the contracts got larger, although I was not involved in that last rather large contract.

Q When you say the contracts got larger--

A Well, you can look at the monetary amounts. Granted the time periods were ~~larger~~ longer, but in fact the last contract that I was involved in, I think, was supposed to be, although I think it was actually ratified by the time I had left the State Department, the $90,000, I think, was supposed to be a full fiscal year contract.

Q For fiscal year 1985?

A Right.

Q Which would have run from October 1st--

A 1984.

Q To September?

A Although I don't think it was ratified actually until September of 1985. It was ratified after I left.

Q What do you mean by ratified?

A I think actually it wasn't processed and signed off on. It was ~~trive.~~ retroactive

Q Retroactive?

A From my understanding.

Q How did that work? I mean how could you have a retroactive contract for $90,000?

A Because the contracting as you, I think, may be painfully aware from what you have heard, I have not read the Inspector General's report, the contracting office was not run exactly like the Swiss Railway. They kept saying there was no sort of problems with this thing, so on the basis of actually no problems with IBC, IBC did undertake some activities.

Going back to referring to the larger amounts, they are larger for two reasons, one of which, the $90,000, was a full fiscal year, whereas some of the earlier ones were shorter periods of time. Secondly, IBC started taking on the care and feeding of these Salvadoran and later, Nicaraguan, defectors, and as I said to the Inspector General, it was implicit

SLK-7

and it maybe should have been explicit, but it was implicit in the contract, and with the contract office, that an awful lot of those out-of-pocket expenses which Gomez had been handling for the care and feeding of putting up the defectors in hotels and things like that would be borne out of the $90,000 contract. But he was doing an awful lot of work with defectors.

Q That was most graphic. Where did he get these defectors? How did they come to him?

A Coming through the formal channels. They come either through the U.S. embassies--

Q Were they turned over [redacted] to Gomez?

A [redacted] there was an incident before I ever arrived, a rather embarrassing incident, of, I think, a Salvadoran guerilla who recanted in front of a press conference on the hill, and we didn't want to have that repeated ever again. They originally would come in through our embassies [redacted] things like that. They were not something just, you know, we picked up.

Q And then what would happen, once they came in?

A I wasn't privy to that portion. I mean usually they would be handled by [redacted] and then they would be, when they got to [redacted] Frank would take over the care and feeding of them.

Q [redacted]

A I wasn't really aware of exactly how it happened. Usually either we would pick them up [redacted] Airport.

Q How did you know when they were coming in?

A The embassy would notify [redacted] We didn't do it by ouiji board.

Q I understand that. I am just trying to determine who was handling these defectors, and who turned them over to you.

A That portion usually was handled by early on, Peter Romero, or later on--the name escapes me, another Foreign Service officer that we had who had served in our embassies in Nicaragua who had worked directly with ARA, Central American office. We had Foreign Service officers that were handling that. That was not my area of expertise.

Q But this is what Frank Gomez was doing?

A Frank, after they were brought up to Washington, yes.

Q When you said that wasn't your area of expertise--

A I am talking about the actual transmittal, how they got from [redacted] That should be handled by a Foreign Service officer working, who understands the area. When they arrive in Washington, that is completely different, but the actual handling of by the embassy [redacted] and other people wasn't handled by me.

Q Let me ask you again. Are you saying either that the Foreign Service, that the State Department handled these defectors after they came in and brought them to Washington?

A No.

Q The answer is no.

MR. CHRISTMAS: After they came into where--

MR. OLIVER: The embassies. He indicated they came into the embassies [redacted] or wherever.

THE WITNESS: The answer is that the Foreign Service officers would take care of making sure that they were taken care of at the embassy level, and they would work [redacted] to make sure that they were finished with the defector, and at that point, arrangements would be made, usually through a Foreign Service officer in our office with the State Department to send them out.

BY MR. OLIVER:

Q Who paid to send them out? Did LPD pay for it?

A I am not really sure. I never certified that any funds should be issued for GTR's or airline tickets or something like that, but I couldn't swear by it. I think that in some cases things like the Gulf and Carribean Council paid for those people, but I can't tell you who paid for

SLK-10 each person.

Q Who is the Gulf and Carribean Foundation?

A It was run by a former Congressman, Dan Kuykendall.

Q And what did they do?

A They were very interested in the area obviously, and were sort of a public interest group, for lack of anything else.

Q Are you telling me that the embassies turned these people over to the Gulf and Carribean Foundation?

A No.

Q And they were turned over to you?

A I am not saying that but I am talking about their domestic affairs, there is an inference in your question about that, I never certified with the State Department that funds should be used for bringing them up. I thought that once the U.S. Government sort of finished with them [redacted] some private groups I assumed paid for them, but I can't tell you who they were, and in certain cases, I think I gave the example of the Gulf and Carribean Council, but I can't say anything further than that.

Q What was the relationship of the Gulf and Carribean Council to LPD?

A It was friendly. It is like asking if America's ~~watch~~ Watch is friendly with other areas, but we didn't work hand in glove, and frankly, it was not all that effective of a

SLK-11

group.

Q When did you meet Dan Kuykendall for the first time?

A I don't know, sometime probably late in 1984-early 1985.

Q How did you meet him?

A I think I was introduced to him by Richard Miller.

Q Do you remember the circumstances?

A No.

Q What was Dan Kuykendall's role in the legislative effort to secure assistance for the contras?

A I never really was sure. A lot of people took all sorts of credit, for all sorts of activities. I never really was sure what his was. I got the feeling that Kuykendall was basically, as a former member, able to talk to other members in a fashion that we are prohibited by statute from doing. But I never watched Dan Kuykendall in action.

Q Did you ever attend any meetings with Dan Kuykendall?

End SLK

A Yes I did, but I never saw him in action on the Hill.

Q Where were the meetings that you attended?

A He had an office on the Hill, off the Hill.

Q 517 Third Street?

A That sounds familiar.

Q What did you do at those meetings?

A Mostly listen. They were basically pep rallies, because people like Cruz, Calero and Robelo would be there, and Kuykendall would talk about how we are X short on this vote or that vote. I was there maybe three or four times.

Q And you talked about?

A I didn't talk.

Q Do you remember being at Dan Kuykendall's town house during the 1985 period?

A Yes, I do.

Q Do you remember a particular meeting at 4 o'clock on March 1st at Dan Kuykendall's town house, at which the participants were Dan Kuykendall, Jack Abramov, Sam Dickens, Jim Denton, Lynn Bouchet, Walt Raymond, Otto and yourself, and Oliver North?

A I remember a meeting and an afternoon about that time, and I remember some people being there. I know all those people with maybe one exception. No, I know them all, and we have all been in a room at one point or another, but I can't testify that those people -- I would be very surprised, especially if Walt was there.

Q Why?

A Because legislative, congressional stuff usually wasn't his area at all. He was more concerned over the Socialist International, things like that, than the Hill.

Q Didn't you discuss the legislative situation in those weekly meetings in Walt Raymond's office?

A No. Maybe tangentially. Everything could have been discussed -- this is the world's smallest city, but that was not Walt's interest. I mean, there were people like Burkhart and Constantin that might race in and discuss it, but that dog won't hunt.

Q This meeting that took place in the afternoon in the spring, what was discussed at this meeting? Was it a legislative strategy meeting?

A I think it was sort of an attempt to compare notes on where we were and how many votes short we were, and things like that. Frankly they were not the most effective group, because I don't think a lot was accomplished with them, but I think it was basically to take stock of how many votes short we were and what our chances were, and who the contra leaders had to go call on, and things like that.

Q When they talked about who the contra leaders had to go call on, is that what you and Otto were supposed to do?

A No.

Q Is to arrange those things?

A We were supposed to be there in case there were concerns of members to do other things. No, we never did that. If they were officially going to be conveyed by the administration, they were to be handled by the State Department, the legislative affairs shop. Occasionally Congressman Kuykendall would set things up on his own. We never were involved in that activity. We were there primarily to say these are the concerns, or Congressman X has got this concern. This is how we can provide it. We were not sort of supplementary.

Q Were there any Congressmen present?

MR. CHRISTMAS: At that meeting or other meetings?

BY MR. OLIVER:

Q Any of the meetings that took place at Dan Kuykendall's town house?

A Not when I was there.

Q How many of those meetings did you attend?

A I don't know, three, four, five. I cannot be precise. Not more than a few. They were not the most productive use of my time.

Q Was Oliver North at those meetings?

A I think he was at almost every one.

Q And was Otto Reich at those meetings?

A He may have been at one, but I don't remember Otto being at many.

Q Did you all discuss the situation in Central America with these people? Was that your purpose there, tell them what was going on?

A Well, we would talk about what we thought our best arguments were on the Hill, which we did not think we were getting out. This sounds like a broken record. Primarily the huge amount at that point of arms that were going in, Soviet arms.

Q Did you make available materials to these people to use in their lobbying efforts?

A I can't say yes and I can't say no. I would like to say no but there will be a 2 percent chance that I would be wrong. Anything that we made available was publicly available.

Q I'm not saying it wasn't available. Did you make available materials?

A I can't really recall.

Q Did you provide them with an arms display that could be utilized on Capitol Hill?

A We tried for a long time to do that arms display, and the Speaker never was smitten with the idea, so the arms display which had been kicking around for years never made it, from what I'm aware of, but that was primarily the baby of Larry Tracy. It finally showed up at the State

Department after I left.

Q Where did the arms come from?

A Most of them were captured I think in El Salvador.

Q And how did you all get ahold of them?

A They were held by the U.S. embassy.

Q And they sent them to you?

A They were usually sent to DoD and then DoD would provide them.

Q Was there a constant flow of arms?

A No. It was pretty small.

Q These were mainly, I suppose, Soviet and East European arms; is that correct?

A Yes, that's correct, with also, I think, an M-16 that could be traced to Vietnam.

Q How did Rich Miller and Frank Gomez report to you on their activities?

A Rich Miller never reported to me. I occasionally would get a phone call from Rich because he apparently was the business partner at the end of the deal and say, you know, we haven't gotten paid, which is infamous for the State Department, not to pay the people, and we were in hurting shape. This was in the early days of IBC, but Rich never really reported to me. Frank would come to our office more often than not, but occasionally I would go over to IBC's offices.

Q You would go to IBC's offices and what would you do at IBC's offices?

A I would talk to Frank about what 9 ~~B-~~1 had done by IBC. It got to be fairly awkward, I must admit. IBC -- Rich was working on the same sort of account with other clients, although he really didn't have the expertise in the area, and so there was some overlap, but Rich and I never worked together, you know, Rich never worked for me nor did I give him any instructions.

Q But IBC worked for you?

A Well, it was odd. It was sort of like a law firm, one lawyer working with one client and another lawyer working with another client, and they happened to be in the same area, so IBC, yes, did work for us, but Frank Gomez was the one that I considered the contractor. We contracted with IBC specifically based on the expertise of Frank Gomez, and I know I have been told to keep it short, ~~or~~ if we had been told by Ollie North to contract IBC on the basis of Rich Miller, we would have told him "take a flying leap," because Rich Miller had absolutely no expertise in Central American affairs.

Q Did Ollie North tell you to contract with Frank Gomez?

A At no point.

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Q Did you introduce Ollie North to Rich Miller?

A I can't tell you. I may have, I may have not. I don't know.

Q When did you first meet Rich Miller?

A In 1980.

Q When did you first meet him in his IBC role?

A Sometime in '84.

Q Do you recall attending luncheon at IBC's offices on September 10, 1984?

A I recall attending lunches at IBC. I can't tell you the date.

Q This would have been the first time that Oliver North went to IBC and there was a lunch according to his calendar, and to other testimony, that took place at IBC's headquarters on September 10, 1984, and you were present, Otto Reich was present?

A I don't know specifically --

MR. CHRISTMAS: Excuse me, counsel. You are not asking him if that is true, are you, that that is the first time Oliver North went to IBC's office?

MR. OLIVER: It's the first time we have any indications that he went to IBC's office, counsel, and I'm asking him whether he recalls this luncheon meeting with Oliver North, yourself, Frank Gomez, Rich Miller, and Otto Reich.

THE WITNESS: I don't recall it, but I won't dispute that it may have occurred. I mean it would have been not unusual, but I don't recall it.

BY MR. OLIVER:

Q Do you remember discussing with Oliver North contractual arrangements for Frank Gomez?

A No.

Q Do you remember meeting with Oliver North and Otto Reich, Rich Miller and Frank Gomez, and discussing a new and larger contract for them, in September of 1984?

A No.

Q Do you recall how the IBC contract for fiscal 1985 was negotiated?

A No, because I didn't do the actual negotiation, although I showed up as the COTR. That was done with Frank Gardner. He was our admin. person.

Q Did he initiate it?

A No, I think Frank Gomez initiated it.

Q Did you clear?

A Yes.

Q The increased compensation?

A Right.

Q Had you discussed what was going to be done under that contract with Oliver North?

A I don't think so.

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Q How often did you meet with Oliver North when you were LPD?

A That's hard. Originally not very often. Later on, as probably his calendar shows, a lot, primarily because, as I'm known in the Executive Branch, I can be a real pain in the ass and persistent, and I saw Ollie primarily around times of congressional activity, but also when I thought that Cruz and Robelo were getting screwed by the U.S. Government, and I was in effect their emissary in the U.S. Government, so that is why I saw Ollie a lot.

Q Did you work out of his office for part of the time?

A I did for approximately two weeks during ~~the~~ a congressional ~~time~~ vote. I was put on the White House clearance list, and was asked, because the legislative affairs people at the NSC asked me, to be available to do work, so for approximately two weeks, three weeks, I was operating out of his office.

Q And that was in 1985?

A Spring of '85.

Q Were Rich Miller and Frank Gomez operating out of that office during that period of time also?

A They were there but I don't think they were operating out of there.

Q Did you ever indicate to them that they should work for any period of time out of Oliver North's office?

A No. Maybe we should go to nightcrawlers instead of artificial lures.

Q I don't know what you are referring to.

MR. CHRISTMAS: I'm sure nothing personal.

MR. OLIVER: We will go on down the list here and see what we can learn.

BY MR. OLIVER: What did you do during the period of time that you worked out of Oliver North's office?

A As I say, I was there primarily working most closely with Chris Lehman and Ron Sable who were the legislative affairs people at the NSC.

Q Why weren't you working out of their office?

A They didn't have any office. There happened to be a vacant office in the political military section that was caused by a vacancy at the NSC, and besides which, you know, Ollie, as everyone has learned, is always the center of attention even among things that he is not involved in, and Ollie was the one that originally requested it, but I ended up working more closely with Sable than I did with North.

Q Did you indicate to people in the bureaucracy at the State Department on any occasion that you can recall that the White House wanted these contracts expedited and executed?

A No.

Q Did you indicate to anyone in the bureaucracy that Oliver North wanted to have these contracts executed or payments on them accelerated?

A No.

Q Are you aware of Oliver North intervening on behalf of IBC in the spring of 1985 to have payments accelerated on their contract?

A I would not be surprised, because it is the type of thing that Rich would probably attempt to do, but I was not aware of it.

Q Why would you not be aware of it if you were the COTR on the contract?

A I don't know. I'm saying I wouldn't be surprised, but I wasn't told that, and I didn't deal with the contracting people or the management people.

Q On the IBC contracts you did not deal with --

A No, that was always handled, the foot work and phones went into the administrative people.

Q When you say your administrative people, what do you mean?

A Originally Matthew Freedman and then Frank Gardner.

Q And would Oliver North have dealt directly?

A No, I would be very surprised. I have no knowledge of that intersection. It wouldn't make any difference to us. Contrary to popular opinion, we were not a wholly owned subsidiary of Oliver North, ~~I think~~ Inc..

Q Are you aware of Frank Garnder intervening on behalf of the IBC indicating to them that the White House and the NSC wanted them to be paid in an accelerated fashion? Were you ever aware of Frank Gardner making any representations about that?

A I'm not aware of it.

Q Did you ever discuss anything like that with Frank Gardner?

A I have talked to Frank Gardner about IBC getting paid because the State Department was notoriously late in paying any contractor. They were notoriously late in processing any financial data, as I learned when I didn't get my reimbursement for a European trip for a year.

Q When Frank Gomez reported to you, what did he report on? What did he tell you they were doing?

A He came up with think pieces. He would come up and say, "Do you think it would be a good idea for us to come up with a strategy to use the contras in the socialist international countries?" We spent a lot of time worrying about Western Europe, especially Portugal, Spain and France, where we were getting clobbered, and Britian, from the public relations standpoint, and he came up with scenarios and game plans on how to use these people, get them out via USIA, et cetera, et cetera, et cetera. That is one of many examples of things that he came up with, and he should have a great deal of work produced.

Q Did they report to you on a daily, weekly basis?

MR. CHRISTMAS: He said day, and you were talking about Mr. Gomez.

MR. OLIVER: Gomez, yes.

THE WITNESS: It would be periodic. Sometimes I would see him several days in a row, sometimes I wouldn't see him for a while. Sometimes he would report to John Scaife and Scaife would tell me that he had seen Frank early that morning and what Frank had produced.

BY MR. OLIVER:

Q Did you ever receive a superior honor, or meritorious service award for your service at the State Department?

A There was talk about it. I don't remember ever receiving it. If I did, it was ex post facto and I'm sure they would like to retract it.

Q When you say you heard about it, where did you hear about it?

A I heard from people after the fact that a bunch of people in LPD were going to be nominated in a group, but I don't know what ever happened. I don't have it suitable for framing on my study wall.

Q Did you draft a memorandum or a form related to the superior honor, meritorious service award?

A I never drafted one. If I signed one, I wouldn't be surprised, but I wouldn't have included me unless it was a group award. I frankly thought it was not a good idea. Ambassador Reich, however, felt that an awful lot of people did an awful lot of work and deserved it. The first proposal I think was drafted by Matthew Freedman.

Q How did you interact with the White House at LPD? What was the relationship with the White House? I'm not talking about the NSC, because I know we talked about your weekly meetings with Walt Raymond and your interaction with Oliver North. I'm talking about the rest of the White House now.

A Well, from a professional standpoint, because I had lots of friends over there, I spent most of my time dealing either with the public liaison office, which during most of this time it was headed by Ambassador Faith Whittlesey, and to a lesser extent with the White House press office. I would attend a weekly meeting that was chaired by Bob Sims in the situation room that would have all the foreign policy press people, Bernie Kalb and other people there, but most of my time was spent basically in liaison with the public liaison office, Ambassador

Whittlesey, Morton Blackwell, Bob Riley and other people.

Q You indicated earlier that there was some difficulty with the public liaison office. What were you referring to?

A Well, they had a tendency to be very enthusiastic, and I would say they were like a bull in a china shop. ~~and~~ A although ~~we~~ LPD may have been perceived ~~at the~~ as wild people ~~in~~ at the State Department, at the White House, we were considered pinstriped, squishy, Foggy Bottom types. gs

Q How did you interact with Pat Buchanan?

A I interacted with Pat a lot. During the legislative affairs activities we had a session called the 208 Group. Pat Buchanan had public liaison report to him, as director of communications, and we kept him apprised of what was going on, because from time to time we would get a lot of heat from the State Department bureaucracy that we were going too fast, and it was frankly felt that it would be a good idea to have the director of White House communications on our side and aware of what we were doing.

Q So you made him aware of what you were doing?

A Well, he chaired a meeting, a public affairs meeting, anytime there was a run up on legislative activities, there would be a parallel group called the 208 Group that was held in 208 Old Executive Office Building which Pat Buchanan chaired, at which there would be people from State Department legislative affairs, White House legislative affairs, White House public affairs, Larry Speakes' office, communications, public liaison, and he chaired the group. It was basically to get the message out from the meeting.

Q Are you familiar with the term white propaganda?

A Yes, I am.

Q Did you engage in that in LPD?

A I would say yes. If anyone understands what white propaganda is, it's totally appropriate.

Q How would you describe it?

A It's only used --

MR. CHRISTMAS: The question is, what is white propaganda?

THE WITNESS: White propaganda is actually putting out truth, straight information, not deception, not disinformation, and having it basically sourced. You don't try to cover up the source or anything else like that. It's opposed to black propaganda, it got its terminology because white propaganda is not disinformation. It's an old intelligence term. And unfortunately I probably used it a little loosely, but it's exactly what we did.

MR. OLIVER: I would like to ask the reporter to mark this as Miller Exhibit 5.

(Miller Deposition Exhibit No. 5 was marked for identification.)

BY MR. OLIVER:

Q This document is a confidential "eyes only" memorandum to Pat Buchanan from Johnathan Miller, dated March 18, 1985. Subject is "Editorial in Washington Post."

Did you send that memorandum to Pat Buchanan?

A Apparently did.

Q Is that your signature?

A Yes, it is.

Q This memorandum says that "the attached editorial from yesterday's Washington Post signifies the approach that we're going to need to take in order to capture moderates and liberals on the Hill for the President's Nicaraguan program. This editorial is a direct result of a Washington media tour that our office (through one of our outside consultants) arranged for the Nicaraguan opposition leader Alfonso Robelo."

Who was your outside consultant?

A I think it was Frank Gomez.

Q Was the purpose of this tour to try to get favorable media coverage for his point of view?

A I think it was basically, Alfonso Robelo, not surprisingly, happened to support our position, and frankly Alfonso Robelo was one of the most articulate members of

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the opposition, and felt that he was the type of person that could actually put the proper perspective on our policy.

Q Did the Washington Post know that your office had arranged this tour for Alfonso Robelo?

A I don't know. I would not be at all surprised, because we worked directly with people like Steve Rosenfeld, who probably wrote the editorial, and I don't think it would have changed the message at all anyway. This is one activity that, while I shouldn't have maybe bragged about it, is absolutely appropriate and proper.

Q And so what you were doing was arranging through an outside consultant to have an opposition leader moved around to various media representatives and media outlets, in order to promote your point of view?

A On some occasions because we just didn't have enough bodies. We actually on many occasions did it directly out of our office. I mean at the State Department, we say the State Department and we would talk to Night Line and say, "Look Robelo might be available; what do you think? He is the type of person you ought to look at. You are going to have Foreign Minister DeScoto on," or something like that. There's nothing wrong with that.

Q Why did you send a blind copy to Walt Raymond?

A Primarily I think because Pat wanted, felt that there were people that were a little too cautious, and he was not wild about the NSC, and other people in the White House. There was also frankly a strong disagreement, between, as there always has been, the communications office and the press secretary's office. That is why Bob Sims was down there, but I wanted them to be aware of what I was sending Pat.

Q But you didn't want him to be aware that you were sending it to them?

A I'm sure that you have sent blind carbon copies yourself. I just wanted them to be aware --

Q How do you know that?

A You may be the only person in the Western Hemisphere. At any rate, this frankly was making sure that everybody was plugged in. That Pat felt that he was in charge of communications activities, but I didn't think it was fair to let Pat know, and not let Walt and Bob Sims know. Bob Sims was the deputy foreign press secretary at the White House, to Larry Speakes, ~~foreign deputy press~~ [redacted].

Q But you did not know that the Washington Post was informed?

A No, I did not.

Q That this was your office that was doing this?

A No.

Q Was it your normal practice to inform?

A We didn't go about being clandestine about it, because we felt we ran and I still feel we ran a very honest and above-board shop. It wouldn't have made any difference to me if Frank had gone ahead and said, "I'm under contract." Most people in the media knew that he was a consultant to the State Department.

MR. OLIVER: Let's take a five-minute break.

(Recess.)

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Take #6
3:00 p.m.

BY MR. OLIVER:

Q We were discussing the white propagainda operation.

A Yes.

Q How did that work? How did you promote this white propaganda operation?

A The term "white propaganda", when seen in print, is a scary term, but basically we prided ourselves, in fact had very strong disagreements with certain people, including Colonel North, on the fact we could never engage in disinformation. When we used the broadest interpretation of "white propaganda", it was we would only always tell the truth and not engage in disinformation.

There were people who felt in the intelligence community this was a proper role, but we felt it was not commensurate with public diplomacy activities. That is why it was called a "white propaganda operation".

Q You had disagreements with the people in the intelligence community about this white propaganda issue?

A There are people who think you have to fight disinformation with disinformation. I don't agree. I had very strong arguments with Colonel North on that.

MR. OLIVER: I would like to ask the reporter to mark this as Miller Exhibit Number 6.

(Exhibit No. 6 was marked for identification.)

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BY MR. OLIVER:

Q Do you recall sending this memorandum to Pat Buchanan, Mr. Miller?

A Vaguely.

Q This is a memorandum to Pat Buchanan from Johnathan Miller, dated March 13, 1985, subject: "White Propaganda" Operation. And it gives five illustrative examples of the "Reich white propaganda operation." The first reference is to an attached copy of an op-ed piece that ran in the Wall Street Journal and indicates that Professor Guilmartin, who is the author of the article, collaborated with our staff on the writing of this piece. It says officially this office had no role in its preparation.

Actually, you did have a role in its preparation, did you not?

A I think we did. I can't tell you specifically what it was. But I think I do remember I think there was some cooperation.

Q Was there a contract with Professor Guilmartin to write this article?

A I knew there was a contract with Professor Guilmartin. I don't recall whether it was for this specifically. I knew that Colonel Jacobowitz was a strong proponent of Guilmartin's competency in this area. I knew that we had some contact, but I don't remember what it was specifically about.

Q Did you have anything to do with that?

A I don't recall. You may prove me wrong, but I don't recall.

Q Did you realize at the time that Professor Guilmartin had not identified himself as a contractor to S/LPD?

A By looking at these, assuming this is a full xerox, by looking at it, I should have known.

Q But you indicated in your memorandum that officially this office had no role in its preparation. Were you indicating that you were masking your office role?

A No, I am not indicating that at all. I am indicating we may have provided him with information, but we didn't actually write it.

Q Did you provide him with the material that was used in the article?

A I personally did not, but I assume that some of it did come from our office.

Q In the second paragraph, you indicate a NBC news piece was prepared by Francis. I assume Francis Gomez, is that right?

A No, Fred Francis, who is the DOD, then-DOD/NBC reporter.

Q And he consulted two of our contractors. Who were the two contractors?

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A I think it was probably Colonel Richardson and Frank Gomez.

[redacted]

Q The third paragraph indicates that two op-ed pieces for the Washington Post, New York Times are being prepared for the signatures of the triple "A". Did the Washington Post and the New York Times know that those op-ed pieces had been prepared by your office?

A I don't know, and I don't even know they ran.

Q Did they run?

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A I don't know. I have no knowledge.

Q Who were the two -- who was the consultant who prepared these two op-ed pieces?

A I think it probably was Frank Gomez.

Q Was it the normal practice of your office to prepare op-ed pieces for other people's signatures without attribution to LPD?

A I don't recall us ever having anything attributed to our office.

Q But you do recall preparing a number of articles?

A I personally, myself, do not, but there were articles prepared in the office, yes.

Q These were articles prepared by consultants?

A In certain cases, in certain cases employees.

Q Frank Gomez was a consultant for whom you were the technical representative, is that correct?

A That is correct.

Q So you knew he was preparing these articles?

MR. CHRISTMAS: He has already stated, Counsel, sometimes contractors will do it, and sometimes employees. He has already stated it.

MR. OLIVER: I am asking whether he knew Frank Gomez prepared such articles.

MR. CHRISTMAS: It has been asked and answered. Do not answer it again. He has answered it consistently in the same way.

BY MR. OLIVER:

Q Did you ask Frank Gomez to prepare op-ed articles?

A I don't recall ever asking him to. I know that he prepared them.

Q In the next paragraph you say, "Through a cut-out, we are having the opposition leader Alphonso R[illegible]bello visit the following news organizations while he is in Washington this week". Who was the cut-out?

A Probably Frank.

Q Why were you using a cut-out?

[redacted]

Q What do you mean by the phrase "cut-out"?

A Cut-out is just the person who is in between you and them, which -- it means you got an intermediary. I probably should have used that word. It is not as sinister as it appears.

Q Is cut-out, in your experience, a term used in intelligence activities?

A Loosely. As you can tell, as a layman, I do things that aren't necessarily correct. For instance, this was a confidential "eyes only", it wasn't meant to be classified confidential "eyes only" in the intelligence sense. It was meant to be confidential in the sense I don't want your secretary opening this type of thing, and cut-out is the same way. I do not profess to be an intelligence officer, and that is a very loose phrase.

Q Why didn't you want anybody seeing this but Pat Buchanan?

A Because I don't think, especially given the ability for the White House to leak like a sieve, I didn't want everybody in the world going around leaking this sort of thing.

Q In the next paragraph you indicate "Attached is a copy of a cable we received from Managua." I assume that is a cable from the embassy. Is that correct?

A Yes. We didn't have cable capability to the government.

Q And the cable states that Congressman Lagomarsino took up Daniel Ortega's offer to visit any place in Nicaragua. And goes on to talk about that.

The next-to-the-last sentence says, "As the cable notes, the Congressman's request to visit is denied." It says, "Do not be surprised if this cable somehow hits the evening news." Does that mean that you were intending to leak this cable to the evening news?

A I don't know what the classification was, but I don't think the cable itself may have been received ~~it~~. Somebody in our office may have given a heads-up to one of the news organizations without actually reading them the cable.

Q Did they tell you they were going to do that?

A I can't recall specifically. If I wrote this, there is obviously that possibility. I am not denying it.

Q Did the information in that cable reach the evening news?

A I can't remember. And if it did, it was a non-story.

Q Was it the normal practice of your office to provide the evening news with cables that related to Congressmen's activities in Nicaragua?

A It was never our office's normal or abnormal operations to provide cables to evening news organizations. Synopses might be passed on in passing. But it depends on what the classification of that cable was. Frankly, it was probably ~~ADU~~ Lou, I don't know, which is not an official classification.

Q What is your understanding of what ~~ADU~~ Lou means?

A It means administratively held but not seen by the security people as a security classification. It starts with confidential and goes on up.

Q It also means it is not to be shared with people outside of official channels, isn't that correct?

A That is correct. But, as I said, I am not sure if we actually gave them the cable. I would say an ~~ABC~~ hon cable, the bottom line Congressman Lagomarsino was turned down by the Sandinistas, is not exactly blood curdling stuff.

Q Who in your office would have told you this cable might hit the evening news?

A It could have been Colonel Richard~~son~~.

Q Do you know whether or not it was Colonel Richard~~son~~?

A No, I do not.

Q In the last paragraph, you indicate that "Our office has been crafted to handle the concerns that you have in getting the President's program for the freedom fighters enacted." What did you mean by that?

A We were walking a very thin line. We were trying to make, and we felt like we were constantly on a high wire. We wanted to be a catalyst to the inner agency community. At the same token, we wanted to be a brake to the conservatives, and we were constantly getting battled both ways.

And so this was an attempt to make Pat believe that there were activists in the government, but at the same time responsible people. We had real concerns that if we did not take the lead, they would start being free agents, and in cases, the public liaison people were, and this is part of my attempt to assure Pat we were on top of things and to calm his public liaison people down.

Q So you sent him these illustrative examples of what you called a white propaganda operation?

A Right.

Q And these illustrative examples, is it fair to say, are, one, of indicating a op-ed ~~lost returned~~ article done by a consultant to your office without attribution to your office, is a clandestine trip by your contractors to a freedom fighter camp in Nicaragua, op-ed pieces being prepared for contra leaders by contractors in your office for their signature, the use of a cut-out and indication that a cable is going to be leaked to the evening news?

A It is your assumption, which is -- you are entitled to make. I am not sure that I agree with it.

Q Which part of it don't you agree with?

A What is your question? I mean --

Q I mean, is it fair to say that that is what this --

A If you want to go point by point, again, and rebut it, I think you could make a different interpretation, but you are entitled to that. Reasonable men differ.

Q The document can speak for itself.

I would like to -- who is Wes Egan?

A I think he was Executive Assistant to Deputy Secretary Dam. Otto had a tendency to report through the

State Department chain primarily, once Larry Eagleburger left, to Secretary ~~Damm~~ Dam Jr, and Wes Eagan was his Executive Assistant.

Q Do you know Spitz Channell?

A I have never met the man. I have seen him once.

Q When did you see him?

A I saw him one time when I was in Ollie North's office, either when I was on the NSC staff or at the White House, and I went by to say hello to Fawn.

Q Did you know of the work that Rich Miller and Frank Gomez were doing for Spitz Channell?

A No, not at first. I kept hearing of this infamous Spitz Channell's name as early as spring of '85 in relation to a fund-raiser there, but that was about all my knowledge of Spitz Channell.

Q Did you know that Spitz Channell was raising funds for the resistance?

A No.

Q Did Oliver North ever tell you of his relationship with Spitz Channell?

A No. I know I am supposed to keep it short, but you have to realize I left in August of '85, and once I left, I ceased to have anything to do with Central America.

Q Were you aware of the briefing that was held in the White House in June of 1985 where Spitz Channell's contributors and Ollie North gave a briefing?

A I was aware at some point Ollie North gave a briefing with Spitz Channell and some other people, but it had nothing to do with me.

Q Were you aware that Rich Miller arranged that briefing for Spitz Channell?

A No, I wasn't.

Q Did Frank Gomez ever indicate to you that he knew of Spitz Channell's fund-raising activities on behalf of the contras?

A I don't think Frank and I had any conversations for about two, two-and-a-half years, maybe we had one, and at no time did it come up.

Q Do you know Penn Kemble?

A Yes.

Q How do you know Penn Kemble?

A I first was introduced to him by Otto a long time ago because he was working with religious groups and was part of the Scoop Jackson Tribe, lost tribe.

Q Were you aware of an advanced copy of a New York Times ad to be run by PRODEMCA that was sent to your office?

A I was aware they were going to do one, but I wasn't involved in that ad.

Q How did you become aware of it?

A I think it was just said they were going to purchase an ad that was going to strap them financially.

Q Did Otto Reich tell you about that?

A I can't recall. It is possible.

Q Did Otto Reich ever show you the copy for the ad?

A It is possible. But I didn't think anything of it.

MR. OLIVER: I would like to enter this as Miller Exhibit Number 7 and ask the reporter to mark it.

(Exhibit No. 7 was marked for identification.)

BY MR. OLIVER:

Q This is a copy of a contract with John Guilmartin, Jr., who is the gentleman we have been discussing who wrote the op-ed piece in which they did not indicate the relationship or Mr. Guilmartin did not indicate a relationship with the Department of State.

Does this exhibit refresh your memory about what Dr. Guilmartin was supposed to do for LPD in December, 1984?

A Possibly. I don't even know. Who was the --

Q If you look at the memo, December 14, 1984, to George Twohie from Jo Ellen Powell, you will see J. Miller. Is that your signature?

A It looks like it, probably is.

Q Do you remember clearing this purchase order?

A I don't, but I will take your word for it. I mean, there were lots of things that I did. Obviously somebody had to clear it, so I will say that I cleared it. I see I had a carbon to Ambassador Motley.

Q There is a memo in there to Wes Egan, sending him a copy of this article, and you indicated in that memorandum Professor Guilmartin is a consultant to LPD.

A Obviously, if we were trying to do things clandestinely, I wouldn't send it up to the Assistant Secretary's office. Obviously, I didn't think there was anything wrong with this.

Q Did anyone ever indicate to you that Professor Guilmartin should have indicated his relationship with the State Department when he signed this article?

A No.

Q Did Professor Guilmartin get paid for this article by the Wall Street Journal?

A I don't have any way of knowing. My knowledge of most op-ed pieces is that you don't get compensated for those. If you do, he owes the U.S. Government 500 bucks b[illegible].

Q Because you paid him $500?

A Apparently, on the basis of this.

MR. OLIVER: I would like to enter this as Miller Exhibit Number 8 and ask the reporter to mark it.

(Exhibit No. 8 was marked for identification.)

BY MR. OLIVER:

Q This is a memorandum, dated September 17, 1985, from Otto Reich to the Deputy Secretary about the latest Nicaraguan defector. Were you aware of the existence prior to your departure from LPD of Alvaro Jose Baldizon Aviles?

A I believe it was occurring at the time I was leaving.

Q Have you ever seen this memo before?

A No. When I checked out, I checked out. I didn't have anything to do with LPD at this point.

Q May I ask you, did this -- was this the usual practice, that which is described in this memo, for dealing with defectors by your office?

A Yes, it was. There was a real sensitivity that we make sure he is actually telling the truth. This also, by the way, shows we are not totally loose cannons because he was keeping a Deputy Secretary apprised, also the principal Deputy Assistant Secretary of State for Public Affairs and the Latin American Bureau.

But that is usually the way it was done. There was no question about the propriety of that.

[redacted]

Q Did LPD usually have these rehearsal press conferences for the defectors --

A I don't know about this one.

Q I am not asking about this one.

A My job was not to prepare them. I don't know how they were prepared. Especially since my Spanish is not that good and everybody else there spoke very fluent Spanish.

Q Were you aware while you were at LPD of any rehearsal press conferences being held with defectors?

A No.

MR. OLIVER: I would like to enter this as Miller Exhibit Number 9.

(Exhibit No. 9 was marked for identification.)

BY MR. OLIVER:

Q The date on this is May 30, 1985, to the Secretary, and it obviously refers to the New York Times advertisement being run by PRODEMCA, which we discussed earlier. Were you aware of this memorandum being sent to Otto by the Secretary?

A I may have been, and I don't see anything wrong with it.

MR. CHRISTMAS: The question is were you aware.

THE WITNESS: No. I may have been. I may have proofed it for typos, I don't know.

BY MR. OLIVER:

Q When you indicate that, or when Otto indicates in there PRODEMCA didn't want to give the appearance of having obtained "approval" from us, was that the normal relationship that you had with these private groups to use arms-length and cut-outs and so on?

A Those are two different things. In this case, this I think was done independently. Penn was an old, close friend of Otto's. They had come out of I think the McGovern Campaign to run it. Wait until the conservatives hear that.

Q I want you to know I seriously doubt that.

A At least Otto was involved in the McGovern Campaign, believe it or not. They were old, dear, dear friends. We were worried, frankly, they were going to be damned by being lackies and fools of the administration which was an indigenous, grass-roots operation. It was done without our knowledge, and Penn may have shown it to them as a friend, and they were always sort of commiserating together. As you can tell by the signatories there, it is hardly a John Birch Society type of group that's backing, so I am not at all surprised.

But we were always very aware of PRODEMCA, since it was independent, being described as being one of our tools, which was a very bum rap for them. I think that is why Otto put that in there.

Q Were you aware that Penn Kemble received funds from Spitz Channell?

A No, I was not.

Q Were you aware Bruce Cameron received funds from Spitz Channell?

A Only way after the fact, in the last couple months.

MR. CHRISTMAS: What was the last name?

THE WITNESS: Bruce Cameron.

BY MR. OLIVER:

Q Mr. Miller, did you ever learn from Colonel North or anyone else while you were at LPD that Oliver North was involved with supplying weapons to the contras?

A I never had any constructive knowledge.

Q What do you mean, constructive knowledge?

A Well, I never had any knowledge.

Q Oliver North never indicated to you that he was involved in fund-raising for the contras in any way? Is that your testimony?

A He never indicated it to me.

Q When did you find out for the first time that Oliver North was involved in supplying lethal support for the contras?

MR. CHRISTMAS: Actual knowledge or suspicions, Counsel?

THE WITNESS: When Ed Meese made his press conference.

BY MR. OLIVER:

Q You had no knowledge of it prior to that time?

A No.

Q When did you first become aware Oliver North was providing monetary assistance to the contras?

MR. CHRISTMAS: Actual knowledge or suspicions?

MR. OLIVER: Knowledge.

THE WITNESS: I would say, if you are using a broad interpretation of contras, the day that money was received by Arturo Cruz.

BY MR. OLIVER:

Q You did not know prior to that of any funding made available to them by the U.S. Government?

A No. Well, in this case, it wasn't made by the U.S. Government I don't think, but you asked about Colonel North personally.

Q The funds were given to you by a U.S. Government official and U.S. Government office. Didn't you think they were U.S. Government funds?

A As I stated earlier, he said that they came from Calero. I would have had strong reservations if they had been U.S. Government funds.

Q Did you ask Rob Owen whether or not he had ever had any prior knowledge about these traveler's checks being distributed?

A No. Rob Owen and I had a barely amicable relationship, and we did not discuss things too much. I didn't approve of his activities, so we didn't discuss things.

Q What did you know of his activities?

A I suspected an awful lot, but he was a private citizen working for apparently, at the behest of the National Security Council staff, I didn't approve of that, and Colonel North was aware of that.

Q What knowledge did you have of the activities of Frank Gomez in terms of providing assistance to the contra leadership?

A Absolutely none.

Q Do you recall a conversation with Oliver North on the 31st of August, 1984 related to the contract for Frank Gomez, telephone conversation?

A I don't recall it.

Q Did you keep Oliver North informed of what you were doing in relation to the press out of LPD?

A Generally. But we didn't feel that he was our master. Occasionally we would keep him apprised, as we kept Walt and we kept Constantine apprised and other people, but I didn't give him daily reports by any stretch of the imagination. We didn't think he was our sort of master.

Q Do you recall calling Oliver North on September 11, 1984 to discuss a News Week article, CMA, or a News Week article? I am not sure what topic.

A No.

Q Do you recall a News Week piece on San Jose people?

A I don't right now. There were hundreds -- I read six or eight newspapers a day, and I don't know what else. But I don't recall that conversation.

Q Do you recall a conversation where you talked to him about Owen setting up an operation with Senator Symms?

A No.

Q Did you travel to Central America in 1984?

A Yes. I think I did.

Q What was the purpose of your traveling there?

A The first trip was just to get acquainted with, go down to Salvador, go down to Honduras, go to Nicaragua, talk to people in the opposition in Nicaragua. It was all done under the auspices of the American Embassy, and I had a project officer from the Public Affairs Office at each stop.

Q Do you recall talking to Oliver North on September 12, 1984 about the Sandinistas having accepted all Contadora conditions?

A No, but I wouldn't be surprised if I did.

Q How would you have known about that?

A I don't know. I don't know whether it was through cable traffic or anything else. I mean, this is a rather vague question.

Q I am actually reading from Oliver North's notes relating to phone calls that he attributes to you. I am asking if you recall --

A I don't recall them. I wouldn't be surprised if they did, if we did, but I don't recall it.

Q Do you recall talking to him about Cruz's conditions having been modified?

A I don't recall it, but I wouldn't be surprised.

Q Why wouldn't you be surprised? Did you know something about Cruz's conditions being modified?

A As I indicated to you I don't know how many times, I was one of the ones indicating that they had better use Arturo Cruz or the President's Central America policy was dead on arrival, and Ollie was not a big proponent of Arturo Cruz, so I would not be surprised if there was some conversation in that regard.

Q Do you remember calling Oliver North on September 27, 1984 about the Ortega visit to New York and Los Angeles in September and October of 1984?

A Probably. I don't recall it, though. I mean, the answer is I don't recall it, but I wouldn't be surprised.

Q You do not recall anything about the conversation?

A No. My God, I mean, I had probably 80 phone conversations a day. I don't recall those things.

Q Do you recall Oliver North having called you on the 10th of November and asking you to contact --

MR. CHRISTMAS: What year, sir?

MR. OLIVER: 1984.

BY MR. OLIVER:

Q -- and asking you to contact Frank Gomez, having Gomez contact Adolpho Calero to take out a major fund-raising ad?

A I don't remember that.

Q Do you remember a meeting on February 11, 1985 with Oliver North, Otto Reich, yourself, Walt, Gomez and Frank Raymond about the NRF fund-raiser?

A I remember we had lots of meetings on that.

Q What was your role in the NRF fund-raiser?

A Originally the idea -- it came up while I was on holiday, Christmastime, and I came back, and everybody was excited about this, and I said "I smell a rat", and I told [redacted] I didn't think we should be involved except to the extent if it was a good function, it would be a good place for the President to make a speech, at which point we had a meeting in which I said to everybody, I remember, that we should go slow.

Q Who was in these meetings? Who is we?

A I remember Otto was probably in it and either Walt or Ollie, but this whole thing came about with a bunch of conservative people during the Christmas Holidays, and my concern was these were nothing but a bunch of hucksters ready to rip off the proceeds.

And from that point on, I asked Otto if there was to be any government contact, it be me, because I was very queasy about the whole thing.

Q You wanted to be the government contact?

A If there was going to be any, because I frankly didn't trust other people. I mean, I didn't, my -- it turns out I wasn't the only contact. There were contacts with the NSC. My job was basically to make sure the President of the United States was not walking into an embarrassing situation and lo and behold, he did.

Q So you were the contact and North was the contact at the NSC?

A I don't know. He may have been. Ollie had, as you know, independent channels all the time. I took over the State Department liaison with this group because I was very queasy about it, and I was afraid, I wanted to be able to bail out if it was as rotten as I surmised it was.

Q Who were the people that were involved in organizing this dinner?

A I can't remember. They were a bunch of lawyers, and that in itself says it. They had no background in

Central America affairs. ~~They~~ I just indicted half the metropolitan area.

Q Let the record show there are five lawyers in the room, including me, and the witness.

A I can't --

Q You don't remember -- why were you queasy about these people if you didn't know who they were?

A No, I had met with them. First Otto came to me and described what was going on. I said, "Hold it, this doesn't sound right." Then I met with them, and I can't remember who they were. It was a law firm. They were basically dropping all sorts of political names, they were going to do this and that, they had really good ideas about how they were going to take the proceeds, and I can smell W.C. Fields a mile away, and there was that all over this dinner.

That is when I said, "Otto, let me take care of this." We basically had to have a hands-off thing, make sure this dinner is okay enough for the President to show up, but we are not going to be involved in it. I was worried the U.S. Government was going to get too involved in it.

Q Did you know Walt Raymond and Ollie North arranged for a briefing at the White House in late January for the people they wanted to recruit to participate in this dinner?

A Yes.

Q Did you attend that?

A No. Well, I may have, I can't say absolutely, but I don't recall.

Q Did that function and the results of it assuage your fears about this dinner?

A The dinner itself was basically to give people a flavor of the situation in Central America. What I remember had absolutely nothing to do with the selling of tickets. My concern was the integrity of people raising things for a humanitarian effort, and I had a feeling all the proceeds were going to evaporate. As it turns out, there were no proceeds.

Q This meeting I am talking about, as referred to in Ollie North's notes, took place on the 11th of February, 1985; you, Ollie, Frank Gomez and Walt Raymond. Do you recall that meeting?

A No, I don't recall it, but it would make perfect sense that meeting be held.

Q You recall a meeting in which a new board for this group was discussed that would have involved Woody Jenkins and someone named Dupont or Moralier?

A Yes. Because I was concerned that it be a group of people, if the President of the United States was going to be involved and there was going to be an actual fund-raising effort on behalf of raising money for refugees and it was going to have the White House imprimatur on it, that there be people of integrity on the board.

And at that time, I was really worried about the fact that this law firm was basically giving us bad vibes. And some of these people we mentioned had been actively involved in the humanitarian activities in the past. People like Woody Jenkins.

Q Which Dupont would this have been?

A I probably recommended Elise, Pete Dupont's wife.

Q Did you recommend these names?

A I think I recommended Elise, I knew her, and she was very good in that area.

Q And when you -- you say you recommended, who did you recommend these people to?

A Just to the group. These are notes -- I don't think she was ever approached.

Q Was somebody in this meeting sort of in charge of working with this NRF group in February, 1985? gc

A Well, I attempted to and Ollie was the ~~tack~~ take-charge person, and I had the feeling he was going to go off and run his own thing. I was going to try to sort of go slow and suggest these guys, if they were going to try to involve the President, better sort of clean up their act. I always got the feeling that they were talking to other people as well as me.

Q Do you remember going to Managua on the 24th of February, 1985 and returning on the first of March?

A Probably. That was about the time that I was going down for another-- I am not sure if I went down there then. I did go to Managua sometime in '85, but I can't say it was there. There were sometimes travel orders cut that were never used. At some point in 1985, I did go down.

Q How many times did you go to Managua?

A Twice.

Q Once would have been this time about 1985.

A I am not sure if it was then or later. Once in '84 and once in '85.

Q What was the purpose of going?

A Just to be up-to-speed. It was difficult to try to sit there and argue things with people. I wanted to go down and talk to the people of LaPren~~z~~sa, I wanted to talk to people in the church, things like that. Once again, I had an embassy Public Affairs Officer as a Control Officer everything was done through the embassy.

[redacted]

[redacted]

Q Did Walt Raymond arrange that?

A I haven't the slightest idea. It might have been going on. He gave me a respectful hearing.

Q You never followed up?

A That was not my job. I was just coming back and reporting on it. I did not get as hospitable a hearing with Ollie.

[redacted]

[redacted]

Q Do you know Roy Godson?

A Yes, but not very well.

Q How do you know him?

A I can't remember where I first met Roy, although I did see him on ~~a show~~ the Shuttle the other day. I think I may have met him as I was leaving LPD, and he was working at the NSC as a consultant. I am not sure. I got to know Roy better in a social setting when I was at NSC. Never worked with him, though.

Q Do you remember a meeting on the 18th -- well, do you remember a meeting in the 1985 -- I can't read the note in this group of documents -- with yourself and Rob Owen and Ollie North where you discussed meetings with Bosco, Menges, Manion and Riley?

A Oh, yes. I don't remember that specific instance, but I remember my concerns over especially Bosco, and I wouldn't be surprised if Rob was present.

Q Who were Menges, Manion and Riley?

A This covers the universe obviously. Bosco was Adolpho Calero's spokes~~-~~person, Constantine Menges was the Special Assistant to the President for Latin American Affairs,

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at

the National Security Council. Chris Manion is well loved on Capitol Hill, and Bob Riley was Faith Whittlesey's sort of -- is presently I think still with her in Switzerland, but was her executive assistant ~~public liaison officer~~. If those four people came up in conversation, it covered the universe.

Q Did Chris Manion have any role in the Central America public diplomacy activities?

A Not that I am aware of.

Q Any role that you know of with the contras?

A Not that I am aware -- well, I had always heard that Chris had his own foreign policy vis-a-vis the contras. I never had actual knowledge of it.

Q Did you ever know of a press conference arranged for Calero at Carnegie Institute and --

A I may have, but I don't recall it.

Q Do you ever remember discussing with Walt Raymond about funding?

A I don't recall it, but it is conceivable.

Q Do you remember on the 3rd of July, it must be [illegible] 1985 talking to Ollie North on the telephone about ABC going to air a program that night on an interview with people in Costa Rica? Do you remember an ABC interview with people in Costa Rica?

A It is conceivable, and it was probably done by Peter Collins, who was their correspondent down there.

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Q Why would you have been calling Ollie North on then?

A I wanted him to be aware of it. There were times I want people to see that. There was such an obsession at the White House we were getting bad press. We felt when there was a "~~firable~~ favorable" piece coming out, they ought to be aware of it.

Q On the 12th of July, according to Ollie North's notes, you had a meeting with him, and among other things that were apparently discussed were a meeting with someone named S-c-h-o-r-r.

A Oh, yes.

Q Do you know someone named Schorr?

A I think he was one of the lawyers involved in the Nicaraguan, the refugee dinner, and they later came up with those cockamamie idea for Nicaraguan war bonds, which I thought was one of the stupidest ideas I had seen in a while, which later came out in the press. I would surmise Rob was talking [illegible]orr about this bond proposal.

[illegible] Do you remember discussing Schorr dealing with Singlaub?

A No.

Q Do you know a man named Larry Spivey?

A I know of a man named Larry Spivey. I never met the man.

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Q What do you know of him?

A I think he was involved, from what the press said, in ~~CIA~~ CMA. I am not sure.

Q All you know of him is through the press?

A Right.

Q You never had any contact with him in the White House?

A No.

Q What was the relationship of LPD to the RIG?

A None. We weren't allowed in it, which was much to Ambassador Reich's consternation. We were not privy to it, any RIG meetings at all that I am aware of. Ambassador Reich may have attended one or two. Ambassador Motley did not think it was appropriate.

Q Did you discuss with any of the participants in the RIG what went on in the RIG after these meetings, or outside the RIG?

A Something may have come up, but I can't say it didn't, but usually that was a pretty closely held group. And we were not looked upon as a substantive operation. We weren't privy to that sort of stuff.

Q You met on a regular weekly basis in this Central America Public Diplomacy Group which C/CATF [redacted] and Oliver North also participated in from time to time. Did they --

A If C/CATF [redacted] did, for the record, it was very sparingly.

I don't remember seeing him regularly.

Q If he was not there, there would have been a representative in the agency's place, isn't that the case?

A In very rare instances. I can't deny there were probably agency people wandering in and out. It was mostly USIA, ourselves and Walt. I think Walt felt he was a good enough liaison for the agency himself.

Q What was your responsibility in dealing with the Democratic Resistance?

A Well, originally it was none, and it sort of, I guess I emotionally got involved [redacted]

Q Were you aware of the frequent contact between Oliver North and Rich Miller?

A At the time I was at S/LPD, I wasn't aware of that, that it was that frequent. When I got to the National Security Council, I, through just what people would say, it was obvious that the relationship had blossomed.

Q Well, in 1985, according to Oliver North's calendar, and it is not a complete calendar, but indications there that we have were that you were on his calendar 39 times in 1985, and Rich Miller was on his calendar a similar amount of times. And Rich Miller was a contractor with the State Department on the contract, you were the overseer.

A Rich Miller was not, his corporation was.

Q He was the President of the corporation that signed the contract.

A Right. We, as I have stated before, we did not hire Rich Miller's services, we hired Frank Gomez.

Q We can go back and look at the contract.

A I am not disputing that Mr. Oliver --

Q The contract in 1985 ran from October 1, 1984, through September 30, 1985, was signed by Rich Miller as President of IBC.

A And all I am stating --

Q And you were the primary person in LPD responsible for that contract.

A And I dealt almost exclusively with Frank Gomez. I just think that that has to -- there is an innuendo there I didn't like.

Q Were you aware of the frequent meetings between Frank Gomez and Oliver North in 1985?

A I didn't think there were that many frequent meetings. I was aware Oliver North and Rich Miller had meetings, because of Congressman Kuykendall in '85. I don't know how -- I didn't realize it was as many numbers as you said. I did not realize until the press reports that the relationship took on a different patina, and that was after I left the State Department.

So to the extent there were any contacts, the ones I was aware of between Oliver North and Rich Miller involved vis-a-vis Congressman Kuykendall.

Q What was your understanding of what they were doing with Oliver North and Dan Kuykendall?

A Ollie had the tendency to work lots of different things without anybody's knowledge of what was going on. I understood he was dealing with Kuykendall on how to work on the Hill during the run-up to the various and sundry votes, and Rich Miller was, had been retained by Congressman Kuykendall in the Gulf and Caribbean Council. They worked their little thing, and we occasionally, as I said, overlapped. I didn't see that much of them.

Q Do you remember a meeting on January 16 at 9:30 in the morning at Oliver North's office?

A January 16, what year?

Q 1985. Meeting with you, Frank Gomez, Rich Miller in Oliver North's office?

A No. But it may have happened. I don't recall it.

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Q Do you recall a meeting at 9:30, January 25, in the White House Situation Room with Lou Lehrman, Sanchez, Oliver North, Walt Raymond, yourself, Rich Miller, Frank Gomez and Jeff Bell?

A I think I do. I can't recall all those people were there. I think there may have been a meeting.

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I don't remember Jeff Bell but I remember the rest.

(Discussion off the record.)

BY MR. OLIVER:

Q Do you recall what the purpose of that meeting was?

A I think Lou Lehrman had indicated as it was well known that he was interested in pushing the President's agenda, and Ollie was very smitten with Citizens for America, and thought that this was one thing just like tax reform and everything else that Citizens for America would be involved in, and I think that was the purpose of having Lou Lehrman down, to talk about that, but I can't remember anything beyond that.

Q Do you remember any follow-on or follow-up to that meeting?

A No. At one time our office had a very good relationship with Citizens for America, but it sort of petered out and much earlier than that.

Q When you said had good relationship, what do you mean?

A Well, they would ask for material and we would provide it, things like that. That was the extent of it.

Q Was that group there basically the Central America working group on public diplomacy?

A Mr. Sanchez would rarely attend, if ever, that whole diplomacy group. He would show up at the legislative strategy meetings that were held when we were getting ready for a vote, but Mr. Sanchez was never involved in public diplomacy operations.

Q You are talking about the legislative strategy meetings that were going on primarily when you were working in Ollie North's office?

A Right.

Q But the meetings weren't chaired by North, were they?

A Oh, no. Which ones?

Q The legislative strategy.

A No, Don Fortier.

Q You participated in those meetings and Ollie North and who else participated?

A The Fortier group.

Q Yes, legislative strategy group, I think you referred to it.

C/CATF

A I think [redacted] I think [redacted] -- it depended on who was there, what time. Usually -- I can't remember the names now -- at least three people from the White House Legislative Affairs Office, usually Ed Fox from State Department congressional affairs, Jim Michel~~s~~ was always there from ARA. Early on it was Constantine. Later on it became Ray Bur~~k~~ghardt, later on Elliott Abrams, they showed up, that was right before I left.

Q Did Otto also participate with you in these meetings?

A Very rarely.

Q You were the representative of LPD in these meetings? [go-for"]

A Basically I became sort of the ~~gofer~~ gopher of the meeting. I wasn't there in an LPD sense. I was the idiot that would agree to take on certain things and put in many hours.

Q Who was asking you to take on these things?

A It depended who was in that group. It was a rather egalitarian group and by consensus. Sometimes Ron Sable, sometimes Ollie, sometimes Jim Michel.

Q Were you ever [go-for] gofer for [redacted] C/CATF

A No. [redacted] C/CATF and I had fundamental disagreements.

Q Do you remember a meeting on January 28th with Ollie North and Bob Riley, Jackie Tillman, Constantine Otto, you and John Norton Moore to discuss the constitutional and legal aspects of U.S. involvement in Central America?

A No, I would have really remembered that one. That is an interesting gang of people, but I don't remember that meeting. I ~~was~~ would be the Trotskyite in that group.

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Q Do you remember a meeting on --

MR. CHRISTMAS: Are you saying that all these meetings occurred or are you asking in a general sense?

MR. OLIVER: I'm asking whether he recalls them. I tell you, counsel, that these meetings are indicated in Oliver North's calendar. That is why I'm asking about them.

MR. CHRISTMAS: You are not saying they actually occurred.

MR. OLIVER: I'm not saying they actually occurred. I'm asking whether he remembers if they occurred. I'm only asking about meetings where his name appears on this calendar. The indications are that they did occur, because on most occasions on this calendar, the meetings had not occurred there was a line, an X drawn through them or they wrote "canceled," but I have no way of knowing that they occurred except on the basis of the fact that they are on this calendar, others have testified to some of these meetings, and so I'm just asking you about these meetings where your name appears on this calendar.

MR. CHRISTMAS: Just trying to get a little discovery which I did.

MR. OLIVER: Yes, you did. I'm not trying to hide from you.

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BY MR. OLIVER:

Q Do you remember a meeting that would have taken place between you, Oliver North, Rob Owen, Rich Miller, and Frank Gomez, on February 27, 1985?

A It's possible.

Q Do you remember a meeting with those participants in it?

A I can't deny that there was one. It's possible, but I don't recall it.

Q Would it have been normal for you to meet with that particular group of people?

A Especially if I was upset with what I thought was Calero getting out of control again, since at that point Rich Miller was working very closely with Calero, and Rob Owen was Calero's sort of lieutenant. I may have very well taken my concerns of [redacted]

Q You would go to North with these concerns?

A I would sometimes sort of get everything together. I mean it seems like Ollie was the only one that certain people would pay attention to. I mean it was better than sort of washing my hands and walking away from it.

Q Do you remember a meeting with Oliver North on or about March 28, 1985, Grover Norquiest and Jack Abramoff, and Grover Norquiest and Oliver North?

A I don't know Grover Norquiest, but it's conceivable I have met Jack before, that that meeting took place.

Q Do you know someone named Brokaw?

A I know we did one session with Tom Brokaw at the NSC to give him an intelligence briefing along with some other people, and that could have been a reference to that.

Q Do you remember a meeting with you and Tom Brokaw and Ollie North in Ollie's office?

A No, I would have known that. I mean I have met Brokaw before, and I would have remembered that.

Q You met on several occasions with Oliver North and Arturo Cruz, Jr., did you not?

A Yes.

Q What was the purpose of those meetings?

A Usually Arturo would come to me very, very concerned over whatever the crisis of the moment is, and with Nicaraguans there is a crisis usually ever two hours, and if it was bad enough and he was threatening to have his father pull out of the resistance, I would say, "Ollie, will you at least listen to Arturo," and I would bring him over, but for every session that Arturo Cruz, Jr., had with Ollie, I must have had five or six.

Q With Arturo Cruz, Jr., or Ollie?

A Junior. Arturo Cruz, Jr. Actually --

Q You were sort of the technical representative on his contract, is that correct?

A I didn't know at the time that he had a contract.

Q Didn't he have a contract with LPD to write three articles?

A Yes, he did, but I don't think I was his technical representative. [redacted]

Q Do you remember a meeting in June of 1985, a lunch at the IBC office with Frank Gomez, Rich Miller and yourself, Oliver North and Otto?

MR. CHRISTMAS: What is the date?

BY MR. OLIVER:

Q June 5, 1985. This would have been about --

A I don't recall it, but it would not have been necessarily --

Q Do you remember a discussion at that meeting about the Spitz Channell fund-raiser that was about to take place at the White House within the next ensuing two days?

A If it were put in that phrase, I would have remembered it because that would have been blatantly illegal. We don't do fund-raisers at the White House.

Q A briefing followed by a fund-raiser?

A I don't specifically recall it, but I won't discount it.

Q There is an entry on Oliver North's calendar on June 17, 1985, it has your name, 4:30 on June 17, and in parenthesis it has cited "(Green-bearded one)." Do you know what that referred to?

A I was asked that by the Independent Counsel, and I don't have the slightest idea. I'm totally baffled by it.

[redacted]

Q There are numerous meetings on Oliver North's calendar with just you and him, and nobody else indicated being present. What was the purpose of these meetings?

A On the whole I think it was -- I hate to sound repetitive, but my concern that Ollie had a total fixation with the military operation, and that there were so many other ways. The only way that we could prevail in Nicaragua was through internal and external political opposition, work with labor unions, et cetera, and I would come back with example after example after example, and it got to be rather tiresome. There were times he would almost throw me out of the office, but I just felt that he was wedded too much to the Calero military operation.

Q So all these meetings were primarily to discuss Central American strategy, is that correct?

A In most cases. I can't rule out anything else. That was the preponderance of the meetings.

Q If you will remind me again, what was the date of your ~~department~~ departure from LPD?

A Roughly the third or fourth week in August of 1985.

Q And what was your relationship with Oliver North after that?

A Purely social. I attended two legislative strategy meetings after I went to the NSC, and then I told them I didn't have enough time.

Q Where did those meetings take place?

A The Situation Room. The rest of it was social and we usually sat together at 7:30 a.m. staff meetings.

Q On August 26, September 20, October 15 --

MR. CHRISTMAS: Can you give me those dates?

MR. OLIVER: August 28, August 29, September 20, October 15, and December 11, 1985.

MR. CHRISTMAS: Thank you.

BY MR. OLIVER:

Q And on March 10, 1986, you are indicated as having meetings alone with Oliver North in his office, on his calendar. Could those meetings have taken place?

A Very conceivably. We were both professional members of the NSC staff. It may have been over actually nothing. I have to point out at that point I was up to my ass, I did about 15 foreign trips preparing the President for his Geneva summit, for his Tokyo summit, for his trip to Grenada, to Mexico, for his U.N. trips and I was handling 20 visits from people like Nakasone, Thatcher and everybody else.

Q These were not social visits?

A I think they probably were. I didn't have time for Latin American affairs, and was very happy to be out of it, and wasn't at all aware of his other activities, so they were probably just going in and shooting the breeze with a colleague, I don't know, but he was very impossible to go by and see, and he was a good friend, and it's like getting a private audience with the Pope to get through Fawn to see if you could just come by and see Ollie. I don't know what those were about, but I would bet the ranch that they were not about Central America.

Q Do you remember a meeting on March 25, 1986, with Oliver North, yourself, Mitch Daniels, Penn Kimble, and perhaps others in Oliver North's office?

A No, and I know all those people very well. I do not remember that meeting at all. It was March?

Q March 25, 1986.

A I seriously doubt that I was even in town. I was probably in Asia at the time, but I don't remember that meeting at all.

Q Did you use the secure phone at LPD?

A Yes.

Q Very often?

A Yes.

Q Did you have your own secure phone?

A No. I mean we had, I think, one instrument with two extensions, one which was Ambassador Reich's office, the other which was on top. Well, maybe I did have. We had one instrument with two extensions. I can't remember, but my office was literally right next door to Ambassador Reich's.

Q Did most offices in the State Department have secure phones?

A Yes, most offices had them. Not every single office, but most, the Central American office at ARA, the South America office, every office would at least have one instrument, if they had to do anything in the secure area.

MR. OLIVER: I would like to ask the reporter to mark this as Miller Exhibit 10.

(Miller Deposition Exhibit No. 10 was marked for identification.)

BY MR. OLIVER:

Q I ask you to examine this.

A Variations on the same thing.

MR. CHRISTMAS: There is no question pending.

BY MR. OLIVER:

Q I had asked the witness to examine this memorandum. Are you familiar with this memorandum?

A It looks familiar.

Q Did you sign it?

A I probably did. It looks like my signature.

Q Are these the New York Times and Washington Post op-ed pieces that were discussed earlier that were prepared by your consultant?

A I would think, given the timing, they probably are.

Q You indicate that Alfonso Robelo is in Washington this week and he has made contact with one of your consultants who is actively engaged in seeing that Mr. Robelo has meetings with the Washington Post, Newsweek, Scripps-Howard and so on. Who is that consultant?

A I think, to repeat your question of previous times, it's probably Frank Gomez.

Q Was it the normal practice for Mr. Robelo to contact your consultant or to contact you through your consultant rather than contacting you directly?

A There wasn't any set pattern in the whole thing.

Q You refer in the last paragraph to an NBC news story on the contras, in a cassette. Did you all have anything to do with that story?

A I think that we may have suggested to Fred that he go down to do that, which if we hadn't, we wouldn't be ding our job.

Q Did you assist him?

A No.

Q In any way?

A We did not, not that I'm aware of. We didn't accompany him or anything else. Fred Francis also did some very damaging pieces on the contras as well.

MR. OLIVER: I would like to ask the reporter to mark this as Miller Exhibit No. 11.

(Miller Deposition Exhibit No. 11 was marked for identification.)

BY MR. OLIVER:

Q Do you remember receiving this memorandum, Mr. Miller?

A Yes, I do.

Q Who is Judge Barbieri?

A Janis Barbieri. She was an employee of LPD who worked with the media.

Q She was one of the schedule C's that you referred to earlier, is that correct?

A Yes.

Q What had she done prior to coming to LPD, do you remember?

A Among other things she was a press secretary to Senator Hiakawa. She worked the Williamsburg summit, the press. She is one of those people we all know and love who has been around for a long time, good press background.

Q Does this memorandum represent the kinds of things that your staff was regularly engaged in at LFD?

A Oh, I would say we probably engaged in maybe 5 percent of the stuff that was generated, but it was the type of thing that we did. We were asked to do. We worked in this case, she worked very closely with the Public Affairs Bureau, you know, Agronsky, or if a talk show was having speakers on, we were the ones that were supposed to get speakers on for the administration side, but, yes, that is reflective of what we did.

Q Do you recall whether or not this press plan ---

was carried out?

A No. In most cases little bits and pieces of different things would come about, but we never took anything in total.

MR. CHRISTMAS: I realize from the layman's viewpoint the government generates too much paper.

THE WITNESS: They love paper in the State Department.

MR. OLIVER: I would like to ask the reporter to mark this as Miller Exhibit 12.

(Miller Deposition Exhibit No. 12 was marked for identification.)

BY MR. OLIVER:

Q I ask you to examine that. Do you recall this contract with Martin Arostequi?

A Yes, I do.

Q And what was the genesis of your acquaintanceship with Mr. Arostequi?

A I barely knew the man. I think he may still be on the faculty at Georgetown, and because he had been Otto's professor, Otto recused himself, but I think he is another Cuban emigre who happens to be well regarded in academia to the extent that anybody is well regarded in academia, and I do remember him doing some publication which was attributed as being paid for by the State

Department, and that is the extent of it.

Q Did you provide Mr. Arostequi with declassified intelligence information for this article?

A No, I did not.

Q Did LPD provide it?

A I cannot tell you one way or the other.

Q Have you looked through the requirements of this contract and the two papers, and which topics they are? Does that refresh your memory as to whether or not you provided declassified information to Mar. Arostequi for the purpose of these papers?

A No, it doesn't because I may have been put down as the COTR but I think Dave Randolph -- I'm trying to see when this actually took place.

MR. CHRISTMAS: Can you give us the date, counsel?

MR. OLIVER: There is July 9, 1985, memorandum from Frank Gardner to Pat Kennedy indicating that Jonathan Miller will serve as the COTR on this contract.

THE WITNESS: At the time that this was undertaken, it was understood that David Randolph, I think, who was the former Foreign Service Officer, he is a Foreign Service Officer formerly had been with the U.S. embassy in Managua, was to work with Professor Arostequi. I was not there. This is right at the time I was winding things up, and I know that a publication came out that was after I left, so I can't really testify to anything beyond that.

Q Did you meet with Mr. Arostequi about this project?

A I think I met with him once.

Q And what was discussed at that meeting?

A Basically that he would undertake a publication regarding -- not publication, a series of writings on sort of the leftist network, and then it was sent through the line of contracting officers and things like that to see if it would fly.

By the time it got very far, I had already left, so I really can't tell you much beyond that.

Q The date is July 9?

A I think that is when it was submitted. It would not have come back until after I left. I don't remember ever having after my one meeting and submitting it through Frank Gardner, ever having any other dealings. I was told later on that something was published.

Q If it was performed within 30 days it would have been performed before you left.

A I don't remember it being performed. I don't remember the paperwork coming back. It may be performed after it's certified by the State Department contracting people, but it may take months for it to get through that Byzantine mess.

Q That date on the purchase orders was July 9, but the contract itself says that he was going to commence performance on September 30, 1984, and I know how slow the State Department is.

A I didn't work on this, and I remember something came out, but I can't tell you other than the fact that it was not my area of expertise. Frank Gardner had a tendency at this point to make me COTR for everything, and actually Dave Randolph was going to work with him on that.

Q Did you ever complain to Frank Gardner about this?

A No, because, my God, when I was at the White House I certified things that my accountants would say was for the President's expense account and I didn't go up to the pantry to see if flour was used. It was something that was required, so I did it.

Q You were the COTR on at least several, if not more, contracts, and is it your testimony that you didn't take that seriously?

A No.

Q Or you didn't do this job?

A I'm not saying that. I am saying that there were people that were actually capable people in certain areas. David Randolph's expertise is far better on this. He would work in a substantive fashion. I would get something submitted to me after somebody like David Randolph has said we have worked on this, we have scrubbed it, it's good, let's go with it, and then I would certify it; just in the same manner my accountants at the White House would certify something I would look at the back-up material and certify it, but it was obviously gleaned by people that knew that sort of thing.

Q Are you aware that under government regulations COTRs are not supposed to delegate their authority?

A No, I'm not.

Q Did you ever read the back-up papers on these contracts that you initiated and oversaw and submitted the certifications for the work performed on?

A I didn't actually see the contracts that were submitted. As you will notice, I don't think I ever signed a contract, but the answer is no, I didn't read any of that.

Q So you didn't really know what a COTR was supposed to do, even though you were one; is that your testimony?

A I would say that in hindsight I probably should have been more scrupulous, that's all I'm saying, not scrupulous, more exacting.

MR. OLIVER: I would like to ask the reporter to mark this as Miller Exhibit No. 13.

(Miller Deposition Exhibit No. 13 was marked for identification.)

BY MR. OLIVER:

Q This is a memorandum from George Twohie to Frank Gardner, a purchase order contract for Mr. Arturo Cruz, Sequeira cleared by Frank Gardner for Johnathan Miller. At the bottom, I believe those are Frank Gardner's initials, are they not?

A Yes, they are.

Q And indicating that you had served as COTR. Do you recall this purchase order?

A I recall it after conversations between Ambassador Reich and Arturo Cruz about it.

Q Is that Arturo Cruz, Jr., or Sr.?

A Junior, it's Jr.

Q This purchase order indicates on the fourth page here that you will furnish all substantive guidance and technical advice to the contractor on this project. Did you do that?

A No. That was done between Ambassador Reich and Arturo Cruz.

Q But you were his good friend and met with him quite often, is that correct?

A Yes, but I also didn't feel that I had the competence to judge. I don't remember this back-up material, to judge this piece, so I actually never was involved in this piece.

Q You were never involved in this piece?

A No. I admit that I was COTR but I think Ambassador Reich was involved.

Q On the last page here you signed the certification that he has completed the work and services to the satisfaction of the contract.

A Right.

Q On July 25, 1986?

A Right, which is for one of his three pieces. That was only done after it had been reviewed by Ambassador Reich.

Q But you did not know?

A Right.

Q Whether or not this was the proper work. In other words, you did this on the basis of his judgment, not yours, is that what you are saying?

A Yes. Ambassador Reich had a far better sense of this than I did, in addition to being my boss.

Q Was there anybody else in LPD who was made COTR for these contracts?

A I'm beginning to wonder. I don't know. I really don't know.

Q Did you ever become concerned about being the

COTR on so many contracts that you were overseeing?

A When you are dealing in a setting that is going a thousand miles an hour, you usually don't pause to reflect on that sort of thing. I possibly would now, since I spent four months in Leesburg, Virginia, contemplating all sorts of things two years ago, but at the time, no.

Q Did anybody oversee these contracts that you were supposed to be overseeing?

A In many cases different people. As I indicated, in certain cases it would be David Randolph, in certain cases Peter Romero, in certain cases it would be Ambassador Reich.

Q But in most cases it wasn't you, is that right?

A I would see the documents after people that had a much better substantive background signed off on them, and before they were submitted to our contracting people who were supposed to know whether they were right or wrong. Yes, I would see them.

Q The contracting people were supposed to know **whether** or not the contract was technically efficient, but you were the one who certified that the work was done?

A Sometimes it would be kicked back by gc not just the contracting people, people in ~~INCOM~~ M Comp, the management bureau.

Q Do you recall any of those contracts being kicked back?

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A I remember them being kicked back but I don't remember which specific ones.

Q Do you remember why they were kicked back?

A There was some deficiency but I can't remember why.

Q Did it have to do with whether or not the work was performed?

A I can't tell you. I really don't know.

MR. OLIVER: I would like to ask the reporter to mark this as Miller Exhibit No. 14.

(Miller Deposition Exhibit No. 14 was marked for identification.)

BY MR. OLIVER:

Q Do you know this?

A I do remember this.

Q Do you know Michael Waller?

A Yes.

Q Who is Michael Waller?

A He was a relatively young man. I'm not sure where he is working now. He had been working with some conservative think tanks, and I don't know whether it was Heritage or where else. This was an area that he was interested in, and I remember him doing this piece.

Q Was he at Heritage at the time, February 6, 1985, that this memo was written?

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A I cannot tell you.

Q What did he do for you?

A If I remember correctly, he put together a paper that was in a Q and A format, trying to connect Salvadoran guerrillas to the Sandinistas. I haven't seen that paper in years, and I can't tell you anything beyond that. You've got the ability to refresh your memory. I can't tell you.

Q In the last page of this exhibit --

MR. CHRISTMAS: Just for the record, it's four pages.

BY MR. OLIVER:

Q Mr. Waller indicates in this note to you, "I chose a series of questions and follow-up questions that are commonly asked by students and by activists affiliated with communist support groups."

Do you know what that refers to, or what communist support groups he was referring to?

A No, and just as you may occasionally sort of Ist some of your colleagues say with a grain of salt, Michael and I didn't see necessarily eye to eye. He can put out good work and you not agree with him. He had a tendency to be a bit strident at times in his rhetoric. Those things that he would call communist support groups I would probably call liberals.

Q Do you know, Mr. Miller, a man named Jeffrey

Nelson?

A I don't think so.

MR. CHRISTMAS: Does he have a street name, counsel?

THE WITNESS: The name does not immediately spring to mind.

MR. OLIVER: I ask the reporter to mark this as Miller Exhibit No. 15.

(Miller Deposition Exhibit No. 15 was marked for identification.)

BY MR. OLIVER:

Q I ask you to examine this. This is a series of documents, the first of which is dated April 11, 1985, and running through the 20th of May, 1985, a series of invoices and memos, purchase orders and contracts related to a purchase order for Mr. Jeffrey Nelson. Mr. Nelson is indicated as performing critical services on the direction of the coordinator of public diplomacy for Latin America. It indicates that you will research and investigate the response of "opinion elites" to the President's Easter peace initiative on Nicaragua.

The first one said he would research and investigate the response of opinion elites to the President's Easter peace initiative on Nicaragua. And the second one he will research and write a series of essays and articles designed to elicit support of the "persuadable sector of the opinion elites."

Who was he referring to as the opinion elites?

A I don't know. In this case I specifically remember having a major explosion with Frank Gardner. I hadn't even seen this.

Q You were the COTR once again?

A I know. As Frank got more comfortable in his job, I became apparently an automoatic COTR. I don't even remember Jeffrey Nelson. I still can't place the guy. As I flip over several pages, I see that I did certify.

Q Was Frank a schedule C?

A No, he is a Foreign Serivce Officer about to retire. He may not have been Foreign Service. He may have been Civil Service. He had served in posts at one point.

Q This seems to indicate some kind of a problem. Perhaps it might be easier if you just told us what you remember about this, and then if I have questions I will follow up.

A I remember specifically in this case I sort of blew up, because I didn't even know about the contract. My name gets slapped on something and it gets sent upstairs without even knowing about it. I cannot place Jeff Nelson. Since I certified in one case $2000, he must have done something. I think, and this is a very foggy memory, that I may have shut down this thing rather than $8000 and paid him $2000 instead after he did some work. This is it, because I don't think I can see from my very foggy memory that we ever paid him anything more, and I certified only one piece, but I remember this was about this time that I had a discussion with Frank Gardner saying, you know, "Frank, let me know about these things."

Q You certified one on the 23rd of April, but he kept billing you constantly after that.

A I don't think, at least I never certified and I don't think you see any certification. I think I may have -- no, I said outside of that.

Q This is April 23, the certification that you examined, and then we have got something coming back to Gardner from Nelson on the 26th of June. We've got an invoice on the 23rd of April, an invoice on May 1st, an invoice on May 10, an invoice on May 20. What was going on?

A If this is the case that I remember, this is the one where I told Frank I didn't like the contract being sent up with my name without my being aware of anything, and that he did produce some work, and we certified it on one case, and I think, if I may, and my mind is very foggy in this regard, at some point that summer I may have called him up and said "This is all you are going to get."

I don't think I ever certified more than $2000 on that $8000.

Q Did you meet Mr. Nelson?

A If I did, he didn't stick in my mind.

Q You don't remember having met him prior or since?

A No.

Q Since this thing?

A No.

Q If you met him at this time?

A Right.

Q But you do remember talking to him on the telephone?

A I think I may have actually called him after he kept submitting this stuff and saying we are going to get out 25 cents on the dollar here.

Q In his letter of June 26 to Frank Gardner, he says, "I think that was done and also in lieu of whatever paperwork you got from Johnathan Miller who held my bills," do you know what he was referring to by that reference?

A Yes, I think that I didn't think that he deserved $8000 for what he submitted, from what I remember. I frankly, if I remember correctly, was amazed that this thing had gone through and Frank Gardner had sent it up without my knowledge, and I frankly balked at that price. I thought it was rather heady stuff. I wish I was getting paid for that.

Q So that was the end of your episode with Mr. Nelson is that correct?

A I don't recall anything beyond that. Frankly it was rip-off prices.

MR. OLIVER: I would like to ask the reporter to mark this as Miller Exhibit No. 16.

(Miller Deposition Exhibit No. 16 was marked for identification.)

MR. CHRISTMAS: Mr. Reporter, would you let the record reflect that it is now approximately 4:49.

BY MR. OLIVER:

Q Mr. Miller, this is a letter to you from Mark Richards Associates, dated September 24, 1984. I think we discussed this earlier in terms of whether or not you knew that Mr. Richards, that you were familiar with Mr. Richards negotiating his contract while he was still employed at LPD prior to his retirement.

Does this refresh your memory about your knowledge of that subject?

A I never had any reason to doubt this at all.

Q This was a letter to you proposing to continue his efforts as a corporation than as an individual?

A Right.

Q And to do the same thing at the daily rate of

$330 a day. Did you respond to this proposal?

A The standard operating procedure was the way it was, I would check with Ambassador Reich and see if he wanted to do it. I then would hand this to our administrative people to sit down with the contracting people, the lawyers to see what the problem was, or if there were any, but I myself would not respond to it until it had gone through the mill. I'm not sure that I ever did, unless something was drafted.

Q Did anyone raise any problems about the propriety of this arrangement?

A Not that I'm aware of.

Q Do you remember receiving this proposal?

A I don't specifically remember it, but I won't deny that I did.

Q Did you discuss it with Mark Richards at the time?

A I said "put your proposal in." What I normally do with all contracts is put it in writing and we will send it through the line and see what is Kosher and what is not. I have never professed, although I got an A in contracts in law, I haven't touched them since then, to be a contracting expert, and never want to be one.

Q Were you aware that this proposal was basically an arrangement through which Mr. Richards could retire at full pension and continue to get paid the equivalent of a full government salary while never leaving your office?

A I'm not sure I would couch it the way you did, but I was aware that Mark Richards was the main asset of Mark Richards, Inc., and that I was also aware that it should be submitted to our lawyers and contracting people with the requisite background information, and if they had problems with it, they should be checking it out.

Q Did you cause it to be submitted to your lawyers?

A It always goes to the lawyers.

Q Did you cause it to be?

A I had it submitted to the contracting office who then was supposed to run it through all the traps.

Q And you indicated to them that this was an arrangement that was being worked out with LPD by a person who was currently on detail, a full-time detail to --

A I did not. The background was known by whoever did our administrative matters, and they were the ones that talked to the contracting office.

Q So is it your testimony that as far as you are concerned, you saw no problems with this arrangement?

A I saw no problems if the contracting office had no problems with it. That was their job.

Q Did you forward everything, every proposal of the contracts office without giving it the benefit of your judgment?

A I don't see anything wrong with that, if the requisite back-up material would reflect everything that they needed to know, and it was obvious on the back-up material that he had just retired from the U.S. Air Force.

Q Did you make any decisions while you were at LPD?

MR. CHRISTMAS: As to what, sir?

BY MR. OLIVER:

Q As to anything, related to your official duties.

A I made plenty of decisions on a daily basis.

Q Do you remember what some of those decisions related to?

A There were dozens every day, and I really resent your inference, Mr. Oliver.

Q I'm trying to determine whether or not contracts that are submitted to you, proposals that are submitted to you, were subject to any judgment by you before they were passed on, because your earlier answer seemed to indicate that it didn't matter to you what was in the proposal as long as it was okay with contracts and the lawyers.

MR. CHRISTMAS: I object to your characterization. He did not say that it didn't matter what was in it. Is there a pending question?

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BY MR. OLIVER:

Q The question was, what decisions did you make?

A I made a myriad of decisions and I would dare say that you would be hard pressed to come up with decisions that you make on a daily basis.

Q I'm just trying to determine whether or not you had anything to do with these contracts, because you indicated earlier that you didn't fulfill this role of COTR on these contracts.

A I'm indicating that other people were involved as well, and there are a lot of other things besides being a COTR. I worked very hard, was very proud of my job, and frankly, because of a lot of McCarthyistic innuendos, lost my job at the White House, and I'm unemployed and I'm getting damn sick and tired of this entire fishing expedition.

MR. OLIVER: I would like to ask the reporter to mark this as Miller Exhibit No. 17.

(Miller Deposition Exhibit No. 17 was marked for identification.)

BY MR. OLIVER:

Q There is a PROF note at the bottom of the page from Rodney McDaniel; the subject is "North's Do Not Admit Status," and it's to ~~M~~NSBSR, whoever that is. Do you know who that would be?

A I'm sorry?

Q At the bottom who this PROF note is to? We know who it's from. Right above that, it skips a space and says who it is to.

A No, I don't. Brenda ~~Riga~~ Reger. She was the security officer.

Q This says, "Subject to Brenda ~~Riga~~ Reger, does this mean he can't get in to see papers under escort? This is bound to get headlines of the scape-goat variety -- need to sort this out with White House counsel and Johnathan Miller."

Was this sorted out with you?

A I don't think so. The sum and substance of this was I separate very strongly my duties from my personal relationship. I was deputy assistant to the President for management at the time. This was Thanksgiving morning. I know Ollie all too well. I felt that some of the people at NSC had been to lax in securing Ollie's office, and all of a sudden I went, "Holy God, I bet he is going to try to get into the White House complex on Thanksgiving morning when the guards are down," and I called up Secret Service and I said, arbitrarily informed Don Regan after the fact that I put Ollie North on a "do not admit" list because I said, "All we need is a story of Ollie getting into the complex." That is what it was all about.

Q What did he say?

A Don Regan? We were both in Santa Barbara at the time. That was the end of it. I never heard anything more from the NSC, never heard anything from the NSC period.

Q Were you involved in any way in the dealings with the Independent Counsel after it was recorded in which he was seeking to gain access to White House documents?

A I worked with the White House counsel in providing logistical support, but that was the extent of it. I did not control the documents.

Q Were you aware of the documents that were being requested?

A No, I was not.

Q How did you provide logistical support?

MR. CHRISTMAS: Excuse me, counsel. Would you for the record state how this related to the mandate of the committee, this area of questioning?

MR. OLIVER: It's related to the investigation of the Independent Counsel of this particular subject matter that we are also investigating.

MR. CHRISTMAS: I'm not sure how that is related specifically; unless you can clear my ignorance of this, I'm not sure how this relates to the mandate of the committee, that Mr. Miller has to answer the questions.

MR. OLIVER: Let me rephrase, counsel.

BY MR. OLIVER:

Q Mr. Miller, were you aware of requests for documents coming to the White House from the House Foreign Affairs Committee, the House Intelligence Committee, the Senate Intelligence Committee, or the Joint Select Committee?

A I was aware that requests --

Q Select committees?

A I was aware requests were coming in. I did not know what the requests are. It was not in my area of expertise. That was totally between the White House counsel and the staff secretary, and I'm not involved in either of those activities or was at the White House at the time.

Q Did you provide any logistical support for the provision of any of those documents?

A No, I did not.

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BY MR. OLIVER:

Q Were you aware of what documents were being requested?

A No. Except to the extent White House counsel put out a memo to people if they had material that related to them, they would surrender it to White House counsel so it --

Q Did you surrender any materials you had in your possession related to your dealings with Oliver North?

A I had absolutely ~~not~~ none. When I left the State Department, I left everything there.

Q Did you copy a personal calendar in '84-85?

A I left my personal calendar at the State Department with my secretary. I never took it with me. I surrendered my personal calendar to White House counsel for my White House days. It was the only personal calendar I still had and my phone logs. White House counsel has them.

Q You surrendered after you left the White House?

A I had White House counsel inspect all my papers before I left the White House.

Q This was in May 1987 you are referring to, is that correct?

A Right. I left everything in place when I walked out of the State Department. I don't believe in personal papers. I believe those are work papers of the U.S. Government and just left them there.

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Q When this story broke in November of 1985, when I say this story, the President's announcement Ollie North had been sent back to the Marine Corps, and Admiral Poindexter resigned, did you have any discussions after that with Oliver North?

A I went over probably half an hour after Ed Meese's press conference and said I was sorry and shook his hand and left. It is the last time I ever saw Ollie North or talked to him.

Q Did you tell anyone at the White House what your involvement had ~~be~~ been in 1984 and 1985?

A I informed Peter Wallison and Don Regan at some point I am sure my name would come out.

Q Did you tell them why?

A I didn't recall the check writing incident. I worked very closely with them and I told them, under the witch hunt at most, I fear my name would come in.

Q Do you think these investigations are witch hunts?

MR. CHRISTMAS: Objection, do not answer.

BY MR. OLIVER:

Q He used the term.

A That is the term I used with the Chief of Staff and that was my assumption at the time and,frankly, my opinion is not relevant to this.

Q Did you inform these gentlemen in detail about the

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work that you had with Oliver North?

A I really don't know what you mean by that. I did say to both the Chief of Staff and to the counsel to the President at some point, I am sure, there would be lots of people that would go after the public diplomacy activities, and while there was nothing improper or wrong in what we did, that I might end up being getting an embarrassment. I told them immediately.

Q And did they ask you why you thought you would be an embarrassment?

A Yes.

Q What did you tell them?

A I told them that our activities would be sort of smeared and people were -- you don't have time to defend yourselves. You would have to bail out at the time the accusations came out. I said the same thing to Arthur Culvahouse when Senator Baker came on board.

Q Did you tell Mr. Culvahouse at the time that Senator Baker and Mr. Culvahouse came on in any detail of your work with Oliver North while you were at LPD?

A No. Because I still do not think anything was improper or wrong. If anything, I was restraining to the extent I had any influence on Ollie. I pride myself on integrity. I never thought anything was wrong. I couldn't reflect on any of this, but as I said, four months of leisure time in Loudon County has allowed me to revive all sorts of things. I wouldn't

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change my assumptions now. I just said my name will come up in this.

Q They did not ask you to provide them with --

A I provided them with as much as possible and they thought that was a tempest in the teapot.

Q Did you, after this story broke in November of 1985, the ramifications of what you had done with any of the people who you had worked with in LPD in 1984 and 1985?

A Not really. I didn't think there was a need to. I still am baffled as to what was, you know, extraordinary or wrong about what was done at the time.

Q Did you have a discussion with Bruce Cameron in March of this year about what you had done when you were working with Oliver North?

A I had a discussion with Bruce, I ran into him on the street. I guess it was in March. And Bruce was -- and I think I speculated at that point that my role of being, that I felt I was going to be in an interesting situation, I was going to be damned for something I did, which was exactly what lots of opponents of the Administration wanted us to do. It became protective. Bruce and I happened to ironically share an awful, the same position on the opposition, which was somewhere to the left of Ollie's. So, yes, I had a general conversation.

Q Did you express to him your concern that Oliver

North had gone too far?

A Yes.

Q Do you remember the words that you used?

A No, I don't. But I said to several people I thought he had gone out of control. He was a power unto himself. I used fairly strong words and it was obvious that I was very, very, very upset with Ollie.

Q Why did you think that? Why did you think he had gone, as you said, out of control?

A It is something that I felt for a long time. I felt that you could see with Bud McFarlane's departure and Fortier's death, Ollie was no longer being kept in check. He was doing too many things at once. I recommended to Rod McDaniel he have the contra account taken from him because I felt he shouldn't be doing that.

Q When did you recommend that to Rod McDaniel?

A Last fall, I think. I mean --

Q What did Rod McDaniel say?

A He agreed.

Q Did anybody do anything about it?

A I think Ollie was one of those people that would have a temper tantrum and people would back down.

Q Do you know whether or not they did try to take the contra account from him?

A I do not know. Admiral Poindexter kept things very

SLK-6 closely to his chest.

MR. OLIVER: I would like to ask the reporter to mark this as Miller Exhibit No. 18.

(Exhibit No. 18 was marked for identification.)

BY MR. OLIVER:

Q You recognize this piece of paper?

A I can put two and two together and figure out what was done.

Q This was a piece of paper provided to the committee. It bears the committee identification number N 28807, and it has handwritten on the bottom of it, confidential, at the top it has Johnathon Miller. Could you tell us what this piece of paper represents?

A This is by deduction. I got a phone call from Fawn Hall, and she was very worried because for some reason there were lots of cameras outside the southwest gate, and she said that Ollie was involved in something and she had to come over and tell me about it, and it was involved with the hostages and General Secord, who I had never met, and they were worried with all the cameras that they be expedited through the southwest gate. Since I was Deputy Assistant to the President for Management, people would pay attention to me in an operational ~~chance~~ sense. I checked with the Secret Service to make sure their records were sufficient, they could be cleared, because we would never let anybody in that the computers kicked

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back, and I went down to the southwest gate, and it turns out it wasn't necessary, they were whisked through immediately. That is what that was about.

Q Whose handwriting is on this page?

A It looks like it is Fawn's.

Q Did she give you this piece of paper with those notes on it?

A Never saw it. She may have taken that down to the Secret Service.

Q These people did, in fact, come into the White House that day?

A I saw a group of people coming in; two people with what appeared to be General Secord and some other people. Later on it sounds like they were the same people that went around in the evening.

Q There are at least what appears to be two different kinds of handwriting on this piece of paper and on the lower mid-right it says what appears to be, "Pres leave time." Was that Fawn Hall's handwriting?

A I don't know, it looks like it may be. If I recall correctly, the President was taking off that day on the helicopter and Ollie may have taken them out to the south lawn for departure. That is always good for impressing people.

Q Do you know, in fact, whether these people were taken out to the south lawn?

A I don't know. I was shocked when I heard some people were taken on a tour.

Q Do you know whether or not these people saw the President?

A No, I have no idea.

Q Did you meet them?

A No.

Q Did you see them?

A I saw them from the car.

Q Were they dressed in business suits?

A I can't remember, I really can't.

Q Was Ollie with them when you saw them?

A No.

Q Was anybody?

A What appeared to be General Secord. What I was told, it was General Secord. I never met the man so I don't know.

Q Did you ever ask Fawn Hall or Ollie about this incident afterwards?

A No. I assumed they were engaged in hostages negotiations, that was known within the NSC, when I was at the NSC they were working on that.

Q How do you know General Secord?

A I don't.

Q How do you know this was General Secord?

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A I was told by Fawn.

Q How do you know it was he you saw?

A I don't. That was an assumption on my part.

Q You have seen General Secord I take it since that time?

A Oh, yes.

Q After seeing him now does it refresh your memory as to whether or not that was he with these people?

A No.

MR. CHRISTMAS: Thought he had something.

MR. OLIVER: It was a curious piece of paper. I would like to have this marked Miller Exhibit No. 19.

(Exhibit No. 19 was marked for identification.)

BY MR. OLIVER:

Q This is a document that is undated that has NSC matter, plan of action, Donald Regan. It bears the committee identification number N 35383. Have you ever seen this piece of paper before?

A No.

Q Have you ever discussed the subject matter of this piece of paper with Donald Regan?

A No.

MR. CHRISTMAS: May he read it first?

THE WITNESS: I have glanced at it. No, I haven't.

MR. CHRISTMAS: Glance at it then.

SLK-10
End SLK

(The witness complied.)

BY MR. OLIVER:

Q Are you now sharing offices with Donald Regan?

A He has graciously offered me a free office, yes.

Q How long have you been using a free office?

A About two months.

Q Have you discussed this subject with Donald Regan during those last two or three months?

A No. I was not involved in any preparation for him, although I said, if there is any area I can help you out on, let me know. He judiciously decided not to. I told him I was coming up here. That was the extent of our conversation.

Q Were you aware of the role of Richard Miller in targeting Congressional districts for television ads to be run in advance of the vote of 1985?

A Could you repeat that?

Q Did you know Richard Miller was involved in the television ad campaign prior to the vote in 1985 on contra aid?

A I knew that he talked about working with people on such activities, yes.

Q Were you aware television ads were run prior to the vote in 1985 on contra aid?

A I was aware there were plans to do so, but I discounted an awful lot of what everybody said they were going to do because there was an awful lot of bravado around the question of efficacy of any of these things.

Q Did you ever see any of the ads?

A I don't think I did.

Q Did you discuss at the Central American Public Diplomacy meeting, this weekly meeting you were involved in, did you discuss the activities of your contractors at that meeting?

A I can't say that we, you know, I can't say that we didn't, but I don't remember that being a primary topic. I mean, hell, we may have discussed the Redskins game.

Q These meetings went on once a week. What was discussed?

A They covered the universe.

Q On Central America?

A Yes. They would cover whether we were going to send somebody to a conference in London where there were going to be all sorts of advocates of, from Salvadoran guerillas, things like that, or we would talk about putting out papers, we talked about problems we had with staffing and getting people to place detainees, we talked about everything. It was basically just to give a thumbnail sketch to Walt what was going on. He did the same thing with other public operations, whether it was Ambassador Helman or other people.

Q Why was USIA represented at this meeting?

A Because USIA was actively involved in putting out our positions outside the United States. It was quite -- that is part of their charter.

Q Why was the CIA there?

A I don't remember the CIA being there that often. To the extent they were there, I can't tell you why. I do not remember them being a major player. I can only remember a couple of times there were agency people there.

Q Did Walt Raymond from time to time tell you all to do things, why don't you guys do this, do that, or I think you ought to embark on x, y, or z program. Did he task you from time to time?

A Yes.

Q Did you submit written reports to the NSC about what you were doing or was this all done orally in these weekly meetings?

A Mostly orally. Once in a while there would be a NSC or NSPG in which Otto would give a briefing to all the people in the Situation Room. It might be once every six months. That was not the only meeting. We would give a report in the weekly meetings as well.

Q Did you have any official contact with Vice-President Bush's staff while you were at LPD?

A No, none.

Q Do you know who briefed the Vice-President's staff on LPD's activities, if indeed, anyone did?

A If they did, I would assume it would be Otto, but I don't know.

Q Did you ever meet Felix Rodriguez or Max Gomez?

A No.

Q What was John Blacken's job as opposed to what yours was? You were both deputies. How did you divide responsibilities?

A John worked extensively on preparing publications, which is laborious task. He also did lots of speaking. He was also the in-house liaison. John has a very -- people have very high regard for John and, frankly, our shop was given a lot more credibility inside the State Department once John was there. If we had problems, especially vis-a-vis ARA or liaison, John was the perfect person having been the director and officer of ARA and DCM in the area, in fact, several countries. So he was our in-house person.

Q So would it be fair if someone said --

A He is the brains of the outfit.

Q -- he was Mr. Inside and Mr. Outside was Otto?

A Perfect.

Q What did Mr. Jacobowitz do in your office?

A Got me. He had a background in psychological warfare. I am not really sure, he came on the scene fairly late, and he talked to Otto about the fact Otto needed an executive officer and became his executive officer, but I am not sure what he exactly did.

Q Do you know Linn Jenkins or Linn Jacobowitz?

A I met her, yes.

Q Where did you meet her?

A I met her when she first came to ~~Time~~ town and Colonel Jacobowitz introduced her to us, to people in the office and I would meet her at TGIF's every week in our office and she would be there.

Q Did you know she was working for Rich Miller?

A When I found out, which is way after I left, I almost dropped my teeth. I mean I was shocked.

Q Did you feel it was inappropriate?

A I thought it was totally inappropriate.

Q Did you know she had made a presentation for the large contract that was classified Secret to LPD on behalf of IBC?

A I did not know that. I have heard bits and pieces since that. It was not very proper.

Q When did you learn this, she worked for IBC?

A ~~The~~ In last year.

Q When you learned she was working for IBC, did you inform anyone you thought it was inappropriate?

A I thought it was -- I think Otto was already in Caracas, and I didn't know Bob Keagan all that well, I really didn't think it was -- I should armchair quarterback --

Q You knew Rich Miller didn't you? Did you mention it to Rich Miller?

A It was way too late. I haven't talked to Rich in, I don't know how long.

Q When is the last time you talked to Rich?

A A year, a year and a half, two years ago.

Q I want to ask you about a few names. We mentioned Roy Godson earlier and you said you met him, but you didn't really know --

A He sends his good wishes.

Q When did you talk with him?

MR. CHRISTMAS: To counsel?

THE WITNESS: Yes. Thursday morning on the 9:30 a.m. shuttle to LaGuardia.

BY MR. OLIVER:

Q What did you discuss with him?

A I told him I would no doubt be meeting you this week. He said, be prepared.

Q Did he tell you what he discussed with me?

A No, he did not. He just said be prepared for fireworks.

Q Did Bob Keagan tell you the same thing?

A I think he was a little more diplomatic.

Q Have you discussed me with anyone else that is involved in this investigation in any way? That is a serious

SLK-7 question.

A No. No, I haven't.

Q Do you know Ed ~~Foler?~~ ? Fuelher.

A I may have met him once. I know who he is.

Q Do you know Terry Sleaze?

A No.

Q Do you know Faith Whittlesey?

A Yes.

Q When did you first meet Faith Whittlesey?

A I think in the 1980 campaign. She was involved in Pennsylvania.

Q Did you work closely with Faith Whittlesey when you were at LPD?

A I was sort of engaged in shuttle diplomacy between her office and other places. No one could work closely with them, they considered us far too liberal. We are on correct and cordial terms.

Q You had Operation Outreach, Cental American Outreach rum by Faith and Bob Riley, is that correct?

A Yes, absolutely.

Q You had ARA which also had its public affairs component, and then you had LPD, and then you had the NSC. Who was calling the shots on this public campaign for Central America?

A Until Elliott Abrams came on the scene, there was

SLK-8 no one, apparently no one chief, which was a source of great frustration. There were times I began to think it represented the Knesset.

Q Was the Central American diplomacy meeting in a NSC sort of design to try to coordinate this?

A Yes. There were many discussions on how we could best temper the ~~news~~ of views of the public liaison operation.

Q Do you know Linda Chavez?

A Yes.

Q How did you meet her?

A I met here when I was deputy at LPD of and she replaced Faith [as] at the public liaison.

Q Did your relations with the Central American Outreach program improve --

A Yes, considerably.

Q You worked more closely -- her deputy was Linas Kojelis, is that correct?

A No, Linas didn't work on Central America. He was the one who handled the Central American Outreach.

Q You mentioned Ed Fox worked with you in legislative strategy sessions?

A Ed and I kept moving around. We knew each other in diff- incarnations. He was with the White House and State.

Q He was involved in the legislative strategy and the effort, legislative effort to contra aid?

A Right.

Q And worked with you and North and Fortier and --

A Before it was ~~Bill~~ Will Ball, I guess it was Oglesby's operation and people like Al Cranowitz, you name it.

Q How well do you know John Poindexter?

A Until I actually became a Senior Director at the NSC, not at all.

Q Did you ever discuss Central American policy or any activities related to Central America with John Poindexter?

A I don't think so. I think the closest I got was the Grenada trip.

Q Do you know Dave Fischer?

A I became, I knew, I met Dave, I guess once I got the White House management job.

Q And when was that?

A When did I meet him?

Q No, when did you -- can you refresh my memory --

MR. CHRISTMAS: Excuse me.

(conferring.)

THE WITNESS: I don't remember ever meeting him.

BY MR. OLIVER:

Q You got the White House management job in --

A May of 1986.

Q Why did you meet him then?

A I think I met him much later because I kept seeing him in and out of the White House.

Q Did he have a White House pass?

A I discovered later on he did, and when I discovered it, I asked that he surrender it.

MR. CHRISTMAS: He made him and a gentleman named Nofzinger ~~Al Singer~~ Nofziger/? turn their passes in.

A I might have been lax in my LPD but I was "hard-ass" in the White House.

Q Were you aware Dave Fischer had been arranging meetings with the President for individuals who contributed to the contra cause?

A I became aware sometime last summer and became alarmed.

Q How did you become aware of it?

A I saw him coming out of either the outer office, or the Oval Office and asked him questions, to, not him, but some other people.

Q And what did, who did you ask these questions of, and what were the responses?

A I think Tom Dawson, Don Regan's assistant.

Q What did he say?

A He said he was setting up some briefings on Central America. I said that is bizarre, it seems like you are duplicating the efforts of other groups that already exist, and then I saw Dave a few days later and he said, I -- he said, let's

SLK-11 together, and he called me at one point, I called him back and when they said IBC, I went, oh, my God.

Q And did you say then?

A I told Tom Dawson I thought we had a problem with Dave Fischer. He was involved with IBC. At that point, I had heard on the street Rich Miller was actively involved with Spitz Channell and I didn't know about any of the activities, but I felt a little queasy all of a sudden. It was just a suspicion.

MR. OLIVER: Could we take a short three or four minute break? I need to consult with my colleagues.

End slk (Recess.)

MR. OLIVER: I ask the reporter to mark this as Exhibit No. 20.

(Exhibit No. 20 was marked for identification.)

MR. OLIVER: Back on the record.

BY MR. OLIVER:

Q Mr. Miller, I would like you to examine this document. I ask you if you recognize this document?

A The top document I don't. Tab A. I do.

Q You have seen Tab A.?

A Yes.

Q Before the document is titled, "Chronological Event, Checklist", is that correct?

A Yes.

Q Could you tell us where you saw this document or other similar documents, and tell us about these?

A I think this was compiled on Ollie North's word processor. Ollie -- this is an impressive list. Unfortunately, I don't think about 75 percent of the activities were undertaken. Whether this was the security blanket or whatever to the powers that be, this was to give a feeling that the U.S. Government was working in tandem, and that we were doing an aggressive thing in trying to show that we were going to get our message out before a vote, and this was updated, I think, every day on Fawn's word processor, by different people throwing in different things that were supposed to be their responsibility, or in certain cases, Ollie assigning them responsibility. I have to say in all candor this has no relation to the actual activity.

Q Were you then all sent copies of this as these things were produced?

A These were distributed in two ways, either -- and most people didn't pay any attention to them, they were too busy doing their real job. This is primarily a good tool of Ollie's to show that he was in charge, as a Potemkin Village, if you want to call it that.

He would circulate this as the legislative strategy meeting held in the sit room with people like the White House Legislative Affairs Officer, and in the Pat Buchanan 208 Group, show that we were doing an awful lot of stuff. Frankly, as I indicated, a lot of this was not being done, and in certain cases, Ollie alleged that he was doing things by private sector groups of the, for instance, on page 7, that I have no knowledge undertaken, and frankly, this is my opinion, I question the propriety.

Q Did you question it at the time?

A Yes, at times I told Ollie that the Anti-Lobbying Act was being violated. I think he basically shrugged his shoulders. He was one of those people that believed that the ends justified the means.

Q Did you indicate to your boss that you were concerned about the propriety of this?

A No. Frankly, the interesting thing was that there were people that were involved in daily activities with Congress that were privy to this. I think that what was probably the bottom line is that these activities were ~~on~~ by the boards, but were never done. The track record, for instance, of Citizens for America was fairly abysmal.

Q Let me ~~must~~ just ask you about a couple of the entries on here. On the first page of the Chronological Event Checklist, it says, "Send resource book on the Contadora process to Congressmen, media outlets, private organizations and individuals interested in Nicaragua." It says, "State LPD~~N~~ (Miller ~~knows~~)", which I assume it was you.

A Yes.

Q Or it could be Richard Miller.

A No, it is me.

Q Did you do this?

A I am sure, portions. This was a book prepared in-house.

Q Down a little further, the next to the last paragraph, "Encourage U.S. media reporters to meet individual FDN fighters" etcetera, and then, "the responsibility is NSC authority and State LPD Gomez." Is that Frank Gomez?

A Yes.

Q Did he do this?

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A I think he did.

Q When you indicated that on the last page there were private groups involved, wasn't Frank Gomez a private citizen?

A Frank Gomez was working as a consultant to the State Department, and --

Q Excuse me. He was an independent contractor. Was he paid as an individual consultant or was he under contract under the IBC contract?

A He was under the IBC contract as a partner in IBC. Yes, I understand.

Q There is a difference.

A Yes.

Q Being an independent contractor and consultant.

A You are right.

Q So basically he was a private citizen?

A No. We are not going to split legal hairs, but he worked for the Office of Public Diplomacy in that activity.

Q Did he have a security clearance?

A My understanding was that he did.

Q Do you know how he got that security clearance?

A No, I don't. He had been a Deputy Assistant Secretary of State and it is fairly easy for consultants and contractors, for former Foreign Service officers to get it.

Q I am not sure whether that is the case or not, but my understanding of security clearances is that when you leave the employment upon which your security clearance is based, and as you know all security clearances are based on a need-to-know, that your security clearance automatically terminates, and that it could only be renewed at the request of someone, and it has to be updated and you have to go through the paperwork again, and my question to you is do you know whether or not LPD ever processed the paperwork or caused in any way Frank Gomez to obtain a security clearance?

A I cannot tell you that I personally knew.

Q Do you know whether or not he had access to classified documents?

A I can't say he did or he didn't.

Q Did he have a State Department pass?

A I think he had a pass that allowed him admittance in the building, but it was not a traditional State Department pass. There were passes issued for consultants, or the contractors or whatever, but he did not have a State Department employee's pass.

Q He had a pass that allowed him to come in the building unescorted?

A I can't tell you whether it was unescorted or not, but he did have some semblance of a pass that the security office issues.

Q You indicated earlier that he was the one who you really worked with, much more than Richard Miller.

A Right.

Q You were the COTR on these contracts, and having worked in the State Department --

A There is a special --

Q You know that there are security procedures, and that if someone does not have a pass, he is not allowed to travel in that building without an escort.

A Well no, that is not true. You can wear a visitor's badge.

Q Yes.

A He had a pass that was issued by the security office, but it was not for a Department of State employee, that has been issued to other consultants, contractors, anything else you want to call it, and the security office clears on this.

Q It is your testimony you do not recall him having access?

A I cannot one way or the other.

Q Or you have no knowledge of him having access to classified documents?

A I cannot state it one way or the other.

Q On the next page, on the second paragraph, it says, "Provide 'State' H. with a list of Nicaraguan emigrees and Freedom Fighters to serve as potential witnesses to testify before hearings on aid to Nicaraguan Freedom Fighters". Then it has, NSC North, State ARA Michael, State Reich. Do you know whether that was done?

A I think it was, but I can't say with 100 percent certainty. This was a snapshot. This thing was updated every day, and lots of things fell off and lots of things were put on, and lots of things were flogs in people's minds.

Q You were working with the Legislative Strategy Group. Do you recall the names of any Nicaraguan emigrees or Freedom Fighters who testified before hearings on aid to the contras?

A No, I don't think they actually testified before hearings. I think actually used them to pay courtesy calls on Members.

Q And who arranged those courtesy calls?

A They were arranged, I think, through H.

Q Do you know Father Thomas Dowling?

A Yes, I have met him.

Q How did you meet him?

A I can't remember how.

Q What was your relationship with him? How did you know him? What did you talk about? When did you see him, etcetera?

A I met him once or twice, or maybe three times, and he is a very presentable sort of person. Since I read about him in the press, I am astounded but I don't know who his mentor was, and I can't remember who introduced us to him.

Q Where did you see him?

A I saw him, I think, at the State Department, and maybe once at the Old Executive Office Building after I left the State Department.

Q Did you know of his relationship with Oliver North?

A I knew that they knew each other, but I don't know what the gist of that relationship was.

Q Do you know, did you have any knowledge in 1985 of Father Dowling testifying before Mike Barnes' Subcommittee on Western Hemisphere Affairs?

A I remember there were discussions. I don't actually remember him testifying, but I knew there was discussion that he was going to, but I wasn't involved.

Q What discussion do you remember?

A I just remember I think somebody saying that Dowling was going to go up. I don't remember who it was, whether it was Ed or whether it was Ron Sable or whether it was Al Cranowitz, or whether it was Ollie North.

Q Was it somebody in that meeting that said that Father Dowling was going to go testify?

A Somebody, someplace, I don't know. There were so many meetings that I went to and I know the name came up, and I met him a few times.

Q Do you remember whether it was Oliver North who told you he was going to go up and testify?

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A I can't tell you one way or the other.

Q Do you think it was Ed Fox who told you?

A I can't tell you. It could be and it can't be.

Q Did you have any discussion with anyone after he had testified about his testimony?

A I don't recall any.

Q Did you ever know that he had, indeed, testified?

A I can't say with certainty whether I knew or didn't.

Q Did you believe him to be a Roman Catholic priest?

A I sure did at the time. We pride ourselves on integrity, and if we had a bogus person, I would not have trotted him out.

Q But you can't remember who trotted him out?

A I could speculate, but I don't want to. I have already been pummeled by my attorney.

Q I don't want you to speculate, and neither does Mr. Buck.

In the middle of that page it has, "Supervise preparation and assignment of articles directed to special interest groups at the rate of one per week beginning March 18" so on, example, "'State' LPD". Did State LPD do that?

A I think we did to a certain extent. I don't think we did anything for the National Education Association, but I think there were things prepared for specific audiences, yes.

Q A little further down it has, "National Press Club

SLK-10 news conference for FDN commanders Bermudez, Mike Lima, etcetera, follow on Congressional visits State-LPD" and "Gomez Kuykendall."

A That is where it gets pretty murky. I don't know whether they did it or not. It should be two separate lines, but I won't dispute that that was at least suggested.

Q Why was Kuykendall listed under State-LPD?

A He shouldn't have been. I wasn't the author of this document, and I think the editing was done by Fawn.

Q I understand, but you saw this document.

A Yes, I did, and there were times we cleaned it up, and there is no way of telling that I didn't object to this and say we have got a slip here and then the next day you got a snapshot from one certain day. The next day you may have a different one.

Q I think we have a lot of snapshots. We are just using this.

A I understand that, but I am just telling you when it rolled off the press every day, I didn't say, hey, we have got a problem here. I did clean up a lot of mistakes.

Q The next to the last paragraph, do you recall that incident, "Martha Murillo visit to Washington"?

A I remember the discussion but I don't remember her herself. I don't think she ever say the First Lady.

Q Did State-LPD handle here visit? Did Frank Gomez

SLK-111 handle her visit?

A I cannot tell you with any certainty.

Q Do you remember whether Kuykendall was involved?

A No.

Q Let's go over the next page, about mid-way it says, "State-LPD and White House media relations prepare a list of key media outlets" etceteras. NSC North, State-LPD Miller. Did you do that?

A It was done in our offices, yes.

Q A little further down the page it has, "Call-visit newpaper editorial boards and give them background on the Nicaraguan Freedom Fighters." "State-LPD Reich". Did Otto do that?

A I don't know if he did, but we did provide background. In some of the cases it was just a paper. There was a charge being made. For instance, I remember preparing a paper, that a good deal of the contras were former Sandinistas, and we had prepared a paper to show that a great deal of the background were people that were not involved in Somoza's National Guard. And I think this was a paper that was to be distributed, not an actual visit. I think this is the way it finally took place.

Q There is another mention on that page about OAS. Do you remember whether or not that occurred?

A I think Middendorf did it, possibly with Mendez.

Q Did you all have anything to do with it?

A No, I don't know why we were down there.

Q On the next page it has, "Joachim Maitre- Congressional meetings, speeches, and Op-Ed pieces, State-LPD, Kuykendall". What was that all about?

A That was, frankly, not handled by us and we shouldn't have put it down. If I remember correctly, Joachim Maitre -- I am not sure, was from either Nicaragua or Costa Rica and the Gulf and Car~~r~~ibbean Council handled him. I think he was a Nicaraguan emigree who was living in Costa Rica.

Q Are you sure he wasn't European?

A You may be correct. I can't remember. There are so many names, but I remember Frank Gomez brought up Joachim Maitre's name. I thought it was to be handled by the Gulf and Car~~r~~ibbean Council which we weren't involved in. Dan Kuykendall and I did not exchange instructions.

Q "Review and restate themes based on results of public opinion poll State-LPD Reich." What public opinion poll were you talking about?

A I can't remember. We were constantly looking at Harris and Gall~~o~~up and Wall Street Journal and everything else, and seeing where we were, and we also, I think, looked at some private White House ~~policy~~ polls, where we were constantly getting beaten up in the American public opinion, and we were trying to address those things.

Q There is another mention of State-LPD at the bottom of the page. Did that occur?

A Yes, it did. All it was was an English translation of what happened by the Sandinistas to La Prensa.

Q The top of the next page, State-LPD is mentioned again with Kuykendall and Gomez in relation to Vallardo Antonio Santeliz. Were there Congressional meetings with that person?

A I remember at some point we did bring some Pentecostal ministers. Whether that specific cleric came up at that time is beyond me. In most cases, things were going too fast and too furious, and as I said, if we did 25 percent of this, we were doing a good job.

Q But so far you have done all these things except this. You are not sure about this?

A We did it at some point. Whether we did it at that specific time, we did not have --

Q Let's move along here. Petro Juaquin Chamorro speaking tour, did you all do that?

A I don't think we did.

Q [redacted]

A

Q

A

Q

SLK-14

[redacted]

Q The next thing -- then there is a meeting with the President to meet in Room 450 with "Spirit of Freedom Concerned Citizens for Democracy" from eight countries.

A I don't think it ever took place.

Q The next is release of a DOD-State paper on Soviet-Cuban-Nicaraguan intentions in the Carribean. Did you all do that?

A Yes.

Q The next thing is a Bernard Nietschmann paper. Did you all do that.

A Nietschmann did do it. I don't know whether we distributed it at that time. I know that he had a paper, but I can't remember if it was distributed.

Q The next thing indicates that the responsibility is the Republican Study Committee. Did they do this?

A I think Farach was put in touch with them. What they did beyond that, I don't know. I don't mean that to malign the gentleman. I think Dan Fisk was at the Republican Study Committee at the time, and I think that he was doing this, but I cannot tell you whether for certain they did or

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did not.

Q How did the Republican Study Committee get on this?

A It beats me.

Q On this list?

A I don't know.

Q But did --

A Although I frankly don't think there is anything wrong with us talking to Congressional staffers.

Q Was Antonio Farach one of your -- was he being handled by one of your consultants?

A At one time did handle him. I don't know whether he was at this point.

[redacted]

Q The next time you are mentioned is release paper on Nicaraguan media manipulation. Did you do that?

A I know it was kicked around in draft. I cannot tell you whether we actually did get it out. I don't think we did, as a matter of fact.

Q And what about the next item, "Nicaragua's development as a Marxist-Leninist state"?

A I think it died on the operating table.

Q The next thing was declassify Nicaragua's development as a Marxist-Leninist state by Linn Jacobowitz Poulsen for publication as State Department document, request clearance with Casey, State-LPD Blacken. What does that refer to?

A I can't tell you.

Q Do you know whether it was done?

A No.

Q Did you ever hear of this publication?

A Yes, I did, but I don't know whether it was ever circulated or not.

Q Who is Linn Jacobowitz Poulsen?

A Apparently, it is Colonel Jacobowitz' sister, I would assume.

Q Do you know why you would need a clearance request with Casey for something written by Linn Jacobowitz who was working for one of your contractors?

A I am not sure at that point whether she was or she wasn't. It may have been with regard to the actual clarification of Nicaragua's development as a Marxist state. If you look at these two, it looks like there was some very -- it is very uncertain, but it could be that Casey had some problems, not Casey, but the agency had some real problems and Ollie said,that is okay, I will go to Bill Casey.

Q Let me ask you a question that occurred to me as I look at this. This is written a long time before Linn Jacobowitz came to work for IBC. I believe she came to work for IBC in September of 1985. What was she doing?

A I don't know.

Q Do you know why she was writing classified documents?

A No, I don't.

Q Do you know whether she had any connection with the CIA?

A If she did that is news to me. I am totally baffled by this. I don't know who made the assignments.

Q The next page there is another State-LPD, responsibility Blacken. Do you know whether that was done?

A Probably, but I can't say with 100 percent certainty.

Q And the next one, do you remember?

A I do not think it was done.

Q Down toward the bottom of the page there is something called, Publishing an updated Green Book-distribute personally to Congressmen, media outlets, private organizations, and individuals interested in Nicaragua. Pass to Lew Lerman and other interested groups State-LPD, Reich. Do you remember whether that was done?

A I think it was. I cannot remember exactly where the Green Book was but I think it was on Nicaraguan arms build up. It was one of the most popular publications the office ever did.

Q Did you distribute the paper on geopolitical conditions of communist domination of Nicaragua?

A I don't think it was a very good paper and I don't

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think it ever got off the ground.

Q Did you release a paper on Nicaragua drug involvement?

A No, we could not -- the people that were pushing the idea, Senator Kerry, ~~[illegible]~~ gr will be happy to know, we couldn't corroborate. We felt it was a weak paper, so we didn't send it out.

Q On page 8, skip the next page, we have already talked about, that was the one you felt it was inappropriate for those people to be on there, there was Nicaraguan Refugee Friends Dinner, State-LPD, Miller, Raymond. What does that mean in terms of your responsibility?

A As I say, my job was to make sure that since I was the one volunteered that I was ~~quasi~~ queasy gr about the people that were undertaking this, but to make sure-that was-we got the President to agree to give the speech that at least I monitored it, so that it wasn't going to be some embarrassing situation, and frankly, I continued to be concerned to the night of the dinner.

Q Did you work with Walt Raymond on much of this?

A I would give him my thoughts. I think Walt was given, unfortunately, responsibility that he never had.

Q Why wouldn't he have responsibility, or why wouldn't it be North there?

A I don't know. Sometimes these things done arbitrar-

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ily. Walt didn't even attend either one of these meetings. I don't even know why.

Q Didn't attend either one of which meetings?

A The people of the -- the people that received this, either the legislative group the 208 Pat Buchanan group. Ollie occasionally would make it look like there were other people that he was sharing the responsibilities.

Q Do you know whether or not this document found its way into the private files of people outside of the government?

A I don't know. Jr

Q Do you know whether or not LP~~T~~D provided a copy of this to Richard Miller or Frank Gomez?

A I would be very surprised if we did.

Q You have no knowledge of this document being provided?

A No. I would be speculating if they got it where they got it.

Q A couple of pages later, "major rally in the Orange [illegible], did you all do something about that?

A It never made it. It would have been a great event too.

Q Now we have got the Nicaraguan Refugee Fund Dinner a couple of pages later, the same thing. Down at the bottom of that page -- well, this is a difficult document actually. This is public diplomacy presidential events regarding Nicarag-

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SLK-20 uan resistance. Possible presidential visit with former Central American president, foreign ministers, and presidential candidates. Did that ever get off the ground?

A Where are we?

Q The next to the last paragraph.

END SLK A No.

BY MR. OLIVER:

Q Have you ever seen this ad at the end of this thing before?

A I did at some point.

MR. CHRISTMAS: Off the record.

(Discussion off the record.)

bY MR. OLIVER:

Q Why would you have seen it before? What do you remember about it?

A I just remember somebody taking credit for it. I, frankly don't think it is that great an ad. I just remembe someone taking credit for it, and I can't tell you who it was.

Q Let's go back to the first page for just a moment. This was a document you indicated you had not seen before. Did you meet with Pat Buchanan's ad hoc working group?

A Oh, yes.

Q Who else was in there besides you and Pat Buchanan?

A Somebody from Public Liaison, somebody from White [illegible] Legislative.

Q Do you remember the names by any chance?

A Occasionally Al Cranowitz would be there, occasionally Pam Turner would be there from Legislative Affairs, occasionally Ed Fox, occasionally Jim Michel, sometimes Dick Holwill. It was one of those things they held to make everybody feel they were part of the operation.

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It was a fairly large group and not very effective.

Q Any private citizens participate?

A No, not that I am aware of.

Q Anyone from the CIA participate?

A No. That would have beer totally inappropriate. They don't feel comfortable in that sort of thing.

Q I thought you had indicated earlier they did participate?

A No, they participated in the -- I thought you were talking about the 208 Group.

Q You are going to have to distinguish these for me.

A The 208 group, which was the common name for the Pat Buchanan outreach group, had no agency participation. We have gone over the legislative group, Don Fortier, Sable, Al Cranowitz, [redacted] Jim Michel.

Q That was the legislative group.

A Yes. Some of those people would show up at the 208 Group, the Pat Buchanan Group, but on the whole, the Pat [illegible]hanan Group was much bigger and did not include agency people.

Q In this memorandum, Oliver North refers to a decision to be taken no later than noon, Friday, March 22, if we are to proceed with the events on the check list and those activities would support a vote the end of April. Do you recall having been informed a decision was being taken

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[redacted] could go forward with these activities?

A No. This was another Oliver North hyperbole.

Q He indicates you should be aware Director Casey has sent a personal note to Don Regan on the timing matter. Do you have any knowledge as to whether or not Director Casey was involved in any way in the timing matter?

A No, I don't. You will have to ask Bob ~~Luper.~~ Woodward

MR. OLIVER: I have no further questions.

THE WITNESS: I can't believe it.

MR. OLIVER: I appreciate your patience and your good humor. I appreciate it very much. But that doesn't mean these guys don't have some questions.

MR. FRYMAN: I have no questions, Mr. Miller.

BY MR. BUCK:

Q My name is Ken Buck, and I do have a few questions for you.

Your name was mentioned several times during the [redacted]s, and I want to talk to you about a few of those ces. Did you have an opportunity to see Secretary of Shultz testify?

A Yes, I did.

Q Did you hear his testimony concerning an airplane that he desired?

A Yes, I did.

MR. OLIVER: For the record, I want you to know we

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went over this while we were waiting for you and started [illegible] the afternoon session. You can ask again if he doesn't object.

MR. CHRISTMAS: I don't object.

BY MR. BUCK:

Q Would you recount for my benefit what happened?

A I was, frankly, leaving Don Regan's office. I was enjoying listening to his testimony. I was agreeing on certain points, I had an appointment to make, and I heard him talk about fighting in the White House and guerilla ~~germ~~ warfare. The next thing I heard was my name. when ~~The next thing~~ I heard, I went into cardiac arrest. I was very surprised to hear my name mentioned. And although I tried to be charitable the next day in the Washington Post, I frankly was a little amazed.

Q Could you tell me about the events, surrounding circumstances with what Secretary Shultz was talking about?

A Well, there was no doubt that there is, whether - during any administration there is constant tension between [illegible] White House ~~[illegible]onal Security Council~~ and the State Department, and [illegible]ere additional examples of people that were upset with the Secretary of State at the White House, and he seemed to think that his having to pay for his ticket, the State Department having to pay for his aircraft on trips was an example, and apparently that is why he went in and offered his resignation to the President.

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Q Do you remember the specific trip he was talking about?

A No. He never gave an example.

Q Do you know if it involved a golf trip to Augusta, Georgia?

MR. OLIVER: Object. I don't know what the relevancy of that is. It is highly speculative. And I don't think it is appropriate.

THE WITNESS: No, the Secretary did not seek on his Augusta trip to have the White House pay for it. There were sometimes in which the Secretary did undertake personal activities in which the State Department would pay out of its budget for Air Force jets. That was well known.

MR. CHRISTMAS: Off the record.

MR. OLIVER: On the record now.

THE WITNESS: I was always concerned with what I thought was misuse of government aircraft. As I indicated earlier to Mr. Oliver, I on occasion would suggest to Mr. Regan and Secretary Baker they could not use the aircraft as well. I would never make the decision myself. I was amazed the Secretary decided to resign over that matter and not matters of principle. That is his choice.

Q Do you remember the Secretary of State's comments concerning you during his testimony?

A I became that character that you have heard -- he has been here before. And it was especially ironic ~~touching~~ since [illegible] working for two years, the reason my name came up was f[illegible] two years I was working in the Secretary's Bureau at the State Department. I, frankly, thought it was a cheap shot and beneath the Secretary.

Q Was there anything else during the hearings you felt needed any explanation?

A Well, there were a couple --

Q Concerning you personally.

A Well, I mean, off the record, everybody is entitled to a little bit of Easter after Good Friday. There were a number of occasions my name came up where people were misinformed. Fawn Hall indicated I worked for Rich Miller, and I still contend to this day I didn't work with Rich Miller. She said Rich Miller and Spitz Channell, and I have never ever worked with Spitz Channell.

There were other occasions that came up, but it is not worth worrying about.

MR. BUCK: I have no further questions.

THE WITNESS: Thank you.

MR. OLIVER: Thank you very much, Mr. Miller. This deposition is adjourned.

(Whereupon, at 6:10 p.m., the select committee was adjourned.)

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